

## Revenue Outlook and Forecast – Tax Expenditures

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State law requires Maine Revenue Services 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 which 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.

This report excludes from the above definition of tax expenditure those expenditures that are (1) established by federal mandate (e.g. sale 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. 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. income of a financial institution that is an S corporation).

In estimating the revenue loss attributed to 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 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 FY 12 and FY 13 generally assume modest increases in business activity and inflation, based on the economic forecast provided by Consensus Economic Forecasting Committee in February 2010.

Finally, there are some expenditures for which no information exists, and limited resources prevent 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 expenditure.

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 for federal AGI, these are not subject to a systematic, periodic review by the Legislature.

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

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

General Fund Income Tax Expenditures	36 MRSA §	FY'10	FY'11	FY'12	FY'13
Reimbursement For Business Equipment Tax Exemption to Municipalities	691	\$14,471,724	\$17,544,805	\$19,431,982	\$20,199,715
Deduction for Affordable Housing	5122(2)(Z)	\$1,438,769	\$1,508,352	\$1,583,770	\$1,662,958
Deduction for Social Security Benefits Taxable at Federal Level	5122(2)(C)	\$50,129,600	\$52,737,350	\$55,215,900	\$57,500,650
Deduction for Contributions to Capital Construction Funds	5122(2)(I)	A	A	A	A
Deduction for Premiums Paid for Long-Term Health Care Insurance	5122(2)(L)&(T)	\$1,749,900	\$1,873,400	\$1,981,700	\$2,067,200
Deduction for Pension Income	5122(2)(M)	\$12,961,800	\$13,303,800	\$13,761,700	\$14,393,450
Deduction for Interest and Dividends on Maine State and Local Securities - Individual Income Tax	5122(2)(N)	\$219,018	\$205,153	\$198,213	\$201,660
Deduction for Holocaust Victim Settlement Payments	5122(2)(O)	A	A	A	A
Deduction For Contributions To IRC 529 Qualified Tuition Plans	5122(2)(Y)	\$136,211	\$143,022	\$150,173	\$157,681
Deduction for Dentists with Military Pensions	5122(2)(BB)	A	A	A	A
Deduction for Exempt Associations, Trusts and Organizations	5162(2)	A	A	A	A
Credit for Income Tax Paid to Other State by an Estate or Trust	5165	A	A	A	A
Deduction for Dividends Received from Nonunitary Affiliates	5200-A(2)(G)	\$2,005,830	\$2,143,295	\$2,306,220	\$2,560,630
Deduction for Interest and Dividends on U.S., Maine State and Local Securities	5200-A(2)(A)&(G)	\$263,882	\$284,892	\$312,736	\$350,833
Credit to Beneficiary for Accumulation Distribution	5214-A	A	A	A	A
Jobs and Investment Tax Credit	5215	D	D	D	D
Seed Capital Investment Tax Credit	5216-B	\$938,600	\$1,137,207	\$1,388,173	\$1,647,386
Credit for Contributions to Family Development Account Reserve Funds	5216-C	A	A	A	A
Credit for Employer-Assisted Day Care	5217	A	A	A	A
Credit for Income Tax Paid to Other Jurisdiction	5217-A	\$37,699,800	\$38,778,050	\$39,789,800	\$40,701,800
Credit for Employer-Provided Long-Term Care Benefits	5217-C	A	A	A	A
Credit for Educational Opportunity	5217-D	\$14,250	\$29,450	\$66,500	\$118,750
Income Tax Credit for Child Care Expense	5218	\$3,599,831	\$3,610,244	\$3,620,688	\$3,631,161
Retirement and Disability Credit	5219-A	\$10,812	\$15,941	\$16,738	\$17,575
Forest Management Planning Income Credits	5219-C	\$65,116	\$73,498	\$83,259	\$94,315
Research Expense Tax Credit	5219-K	\$474,467	\$501,697	\$784,999	\$1,169,822
Super Credit for Substantially Increased Research & Development	5219-L	\$2,048,000	\$2,170,880	\$2,279,424	\$3,049,017
High-Technology Investment Tax Credit	5219-M	\$1,020,000	\$1,071,000	\$1,121,683	\$1,350,705
Low-Income Tax Credit	5219-N	\$577,162	\$582,933	\$588,763	\$594,651
Credit for Dependent Health Benefits Paid	5219-O	A	A	A	A
Quality Child Care Investment Credit	5219-Q	A	A	A	A
Credit for Rehabilitation of Historic Properties	5219-R & 5219-BB	\$2,191,087	\$3,676,679	\$3,676,679	\$3,676,679
Earned Income Credit	5219-S	\$2,667,342	\$2,734,003	\$2,813,900	\$2,913,650
Pine Tree Development Zone Tax Credit	5219-W	\$461,428	\$556,428	\$692,143	\$726,750
Biofuel Commercial Production and Commercial Use	5219-X	A	A	A	A
Tax Benefits for Media Production Companies	5219-Y, c. 919-A	B	B	B	B
Tax Credit for Pollution-Reducing Boilers	5219-Z	A	A	A	A
Dental Care Access Credit	5219-BB	A	A	A	A
Maine Residents Property Tax Program	Chapter 907	\$40,500,000	\$43,500,000	\$56,000,000	\$57,700,000
Reimbursement for Taxes Paid on Certain Business Property (BETR)	Chapter 915	\$57,588,138	\$51,543,140	\$52,052,995	\$46,782,583
Employment Tax Increment Financing	Chapter 917	\$6,416,799	\$6,776,413	\$7,156,182	\$7,557,233
Shipbuilding Facility Credit	Chapter 919	\$2,968,750	\$2,968,750	\$2,968,750	\$2,968,750
Innovation Finance Credit	5219-EE	\$0	\$0	\$3,800,000	\$3,800,000
		\$244,027,230	\$249,393,702	\$273,766,390	\$277,518,926
<b>CONFORMITY WITH INTERNAL REVENUE CODE</b>	<b>36 MRSA §</b>	<b>FY'10</b>	<b>FY'11</b>	<b>FY'12</b>	<b>FY'13</b>
Pension Contributions & Earnings -- Employer-Provided Pension Contributions and Earnings	5102(1-D)	\$148,193,839	\$185,798,026	\$228,588,997	\$276,937,237

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 - \$500,000

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

E represents an estimated spread of \$1,000,000 - \$3,000,000

Appendix A Continued

General Fund Income Tax Expenditures	36 MRSA §	FY'10	FY'11	FY'12	FY'13
Pension Contributions & Earnings -- Individual Retirement Plans	5102(1-D)	\$28,724,865	\$20,328,366	\$22,317,011	\$27,730,543
Pension Contributions & Earnings -- Partners & Sole Proprietors -- KEOGH Plans	5102(1-D)	\$14,251,952	\$17,897,801	\$19,113,083	\$19,665,485
Employer-Provided Accident and Disability Benefits	5102(1-D)	\$3,462,185	\$3,797,235	\$4,020,601	\$4,243,968
Employer-Provided Group Term Life Insurance Benefits	5102(1-D)	\$2,702,192	\$2,814,784	\$2,814,784	\$2,927,376
Employer-Paid Medical Insurance and Expenses	5102(1-D)	\$128,802,900	\$139,564,500	\$147,859,900	\$157,836,800
Public Assistance Benefits	5102(1-D)	\$3,475,100	\$3,811,400	\$4,932,400	\$5,492,900
Workers' Compensation Benefits -- Disability and Survivors Payments	5102(1-D)	\$3,026,700	\$3,363,000	\$3,475,100	\$3,475,100
Expensing Multi-Period Timber Growing Costs	5102(1-D)	\$75,050	\$75,050	\$75,050	\$75,050
Expensing of Exploration and Development Costs, Non-Fuel Minerals	5102(1-D)	\$37,525	\$37,525	\$37,525	\$37,525
Excess of Percentage over Cost Depletion, Non-Fuel Mineral	5102(1-D)	\$158,017	\$155,222	\$100,750	\$100,750
Expensing of Exploration & Development Cost	5102(1-D)	\$207,375	\$197,500	\$274,055	\$327,905
Excess of Percentage over Cost Depletion	5102(1-D)	\$513,500	\$513,500	\$538,500	\$565,425
Expensing of Research and Experimental Expenditures	5102(1-D)	\$2,291,017	\$2,525,222	\$2,122,150	\$2,373,450
Exclusion of Benefits and Allowances to Armed Forces Personnel	5102(1-D)	\$4,118,474	\$4,484,235	\$5,771,650	\$5,933,775
Exclusion of Income Earned Abroad by U.S. Citizens	5102(1-D)	\$5,155,500	\$5,265,360	\$7,684,725	\$7,976,550
Exclusion of Certain Allowances for Federal Employees Abroad	5102(1-D)	\$918,509	\$925,778	\$1,913,075	\$1,945,500
Deferral of Active Income of U.S.-Controlled Foreign Corporations	5102(1-D)	\$2,913,125	\$3,081,000	\$4,559,300	\$4,792,650
Inventory Property Sales Source Rule Exception	5102(1-D)	\$2,745,250	\$2,824,250	\$2,710,450	\$2,782,250
Deduction for Casualty and Theft Losses	5102(1-D)	\$188,759	\$214,853	\$245,823	\$180,798
Deduction for Medical Expenses and Long-Term Care Expenses	5102(1-D)	\$9,250,497	\$9,658,880	\$12,661,982	\$13,706,002
Deduction for Charitable Contributions to Educational Institutions	5102(1-D)	\$8,375,172	\$8,647,998	\$8,509,250	\$8,892,850
Deduction for Charitable Contributions to Health Organizations	5102(1-D)	\$5,866,551	\$6,054,818	\$5,522,675	\$5,749,650
Deduction for Charitable Contributions, Other than for Education and Health	5102(1-D)	\$44,187,067	\$45,853,224	\$48,589,175	\$50,511,225
Deductibility of Other State and Local Taxes	5102(1-D)	\$49,768,091	\$52,311,116	\$39,822,774	\$42,579,193
Self-Employed Medical Insurance Premiums	5102(1-D)	\$6,162,896	\$6,654,026	\$6,906,525	\$7,295,625
Exclusion of Certain Foster Care Payments	5102(1-D)	\$918,509	\$925,778	\$1,134,875	\$1,167,300
Exclusion of Benefits Provided under Cafeteria Plans	5102(1-D)	\$46,725,420	\$50,541,667	\$47,989,000	\$51,717,875
Exclusion of Employee Meals and Lodging -- Other Than Military	5102(1-D)	\$1,185,172	\$1,157,222	\$1,426,700	\$1,523,975
Special Tax Provisions for Employee Stock Ownership Plans (ESOPs)	5102(1-D)	\$780,177	\$811,292	\$1,079,300	\$1,106,225
Exclusion of Housing Allowances for Ministers	5102(1-D)	\$799,991	\$810,055	\$907,900	\$1,005,175
Exclusion of Miscellaneous Fringe Benefits	5102(1-D)	\$8,799,905	\$9,460,289	\$10,213,875	\$10,570,550
Exclusion of Interest on Educational Savings Bonds - Student-Loan Bonds	5102(1-D)	\$513,569	\$502,389	\$687,875	\$720,300
Exclusion of Scholarship and Fellowship Income	5102(1-D)	\$2,222,198	\$2,285,513	\$2,691,275	\$2,820,975
Deduction for Interest of Student Loans	5102(1-D)	\$2,271,334	\$2,359,241	\$1,451,619	\$1,625,134
Exclusion of Tax on Earnings of Qualified Tuition Programs -- Prepaid Tuition Programs	5102(1-D)	\$1,155,543	\$1,330,805	\$129,700	\$129,700
Exclusion of Tax on Earnings of Qualified Tuition Programs -- Savings Account Programs		(included above)	(included above)	\$873,050	\$1,199,725
Exclusion of Earnings of Coverdell Education Savings Accounts	5102(1-D)	\$118,517	\$115,722	\$226,975	\$259,400
Exclusion of Employer-Provided Tuition Reduction Benefits	5102(1-D)	\$237,034	\$231,444	\$259,400	\$259,400
Exclusion of Employer-Provided Education Assistance Benefits	5102(1-D)	\$1,066,655	\$433,958	\$1,167,300	\$1,167,300
Exclusion of Capital Gains at Death	5102(1-D)	\$70,458,496	\$66,598,122	\$47,081,100	\$51,977,275
Carryover Basis of Capital Gains on Gifts	5102(1-D)	\$7,170,293	\$6,972,262	\$9,954,475	\$3,566,750
Amortization of Business Start-Up Costs	5102(1-D)	\$1,037,026	\$1,041,500	\$1,297,000	\$1,394,275
Deduction of Certain Film and Television Production Costs	5102(1-D)	A	A	A	A
Depreciation of Rental Housing in Excess of Alternative Depreciation System	5102(1-D)	\$6,478,909	\$7,036,373	\$5,691,750	\$5,308,150
Depreciation on Buildings Other than Rental Housing in Excess of ADS	5102(1-D)	\$1,106,121	\$1,086,555	\$331,200	\$331,200
Exclusion of Investment Income on Life Insurance and Annuity Contracts	5102(1-D)	\$34,280,955	\$34,337,325	\$39,293,625	\$40,367,125

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 B represents an estimated spread of \$50,000 - \$249,999  
 C represents an estimated spread of \$250,000 - \$500,000  
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 E represents an estimated spread of \$1,000,000 - \$3,000,000

Appendix A Continued

General Fund Income Tax Expenditures	36 MRSA §	FY'10	FY'11	FY'12	FY'13
Exclusion of Capital Gains on Sales of Principal Residences	5102(1-D)	\$37,629,067	\$40,383,809	\$23,929,650	\$25,356,350
Deduction for Property Taxes on Owner-Occupied Homes	5102(1-D)	\$38,414,816	\$40,961,477	\$36,189,329	\$38,906,250
Deduction for Mortgage Interest on Owner-Occupied Homes	5102(1-D)	\$74,156,211	\$78,622,496	\$95,833,925	\$105,054,696
Exemptions from Imputed Interest Rules	5102(1-D)	\$562,957	\$578,611	\$648,500	\$648,500
Installment Sales	5102(1-D)	\$948,090	\$1,301,028	\$1,566,850	\$3,497,025
Completed Contract Rules	5102(1-D)	\$227,125	\$237,000	\$242,325	\$251,300
Additional Standard Deduction for the Blind and Elderly	5102(1-D)	\$4,532,497	\$4,756,894	\$4,324,345	\$4,492,681
Parental Personal Exemption for Students Age 19 to 23	5102(1-D)	\$38,518	\$350,060	\$259,400	\$64,850
Exclusion of Veterans. Disability Comp., Veterans Pensions & G.I. Bill Benefits	5102(1-D)	\$4,948,095	\$5,033,915	\$7,328,050	\$7,295,625
Exclusion of Military Disability Benefits	5102(1-D)	\$118,517	\$115,722	\$259,400	\$259,400
Exclusion of Employee Awards	5102(1-D)	\$237,034	\$231,444	\$259,400	\$259,400
Deferral of Gain on Like-Kind Exchanges	5102(1-D)	\$2,577,560	\$2,519,277	\$1,923,225	\$2,193,050
Exclusion of Employer-Paid Transportation Benefits	5102(1-D)	\$5,985,120	\$5,988,623	\$5,901,350	\$6,160,750
Deduction for Overnight-Travel Expenses of National Guard and Reserve Members	5102(1-D)	\$29,629	\$94,024	\$129,700	\$129,700
Special Tax Rate for Nuclear Decommissioning Reserve Funds	5102(1-D)	\$316,000	\$345,625	\$350,025	\$385,925
Amortization and Expensing of Reforestation Expenditures	5102(1-D)	\$126,417	\$123,622	\$61,840	\$61,840
Expensing of Soil and Water Conservation Expenditures	5102(1-D)	A	\$94,319	\$33,120	\$33,120
Expensing of Fertilizer and Soil Conditioner Costs	5102(1-D)	\$118,517	\$115,722	\$66,240	\$66,240
Expensing of the Costs of Raising Dairy and Breeding Cattle	5102(1-D)	\$118,517	\$115,722	\$99,360	\$99,360
Exclusion of Cost-Sharing Payments	5102(1-D)	A	A	A	A
Exclusion of Cancellation of Indebtedness Income of Farmers	5102(1-D)	\$118,517	\$115,722	\$129,700	\$129,700
Deferral of Tax on U.S. Shipping Companies	5102(1-D)	\$39,500	\$39,500	\$35,900	\$35,900
Exclusion of Income Earned by Voluntary Employee's Beneficiary Associations	5102(1-D)	\$2,488,862	\$2,516,958	\$2,918,250	\$2,983,100
Deferral of Taxation on Spread on Acquisition of Stock under Incentive Stock Option Plans and Employee Stock Purchase Plans	5102(1-D)	\$266,664	\$318,236	(\$9,275)	(\$68,625)
Exclusion of Medical Care and TRICARE Medical Insurance for Military Dependents, Retirees, and Retiree Dependents not Enrolled in Medicare	5102(1-D)	\$2,696,267	\$2,835,194	\$3,339,775	\$3,566,750
Exclusion of Workers' Compensation Benefits (Medical Benefits)	5102(1-D)	\$11,051,732	\$11,687,941	\$4,442,225	\$4,734,050
Health Savings Accounts	5102(1-D)	\$1,333,319	\$1,735,833	\$1,945,500	\$2,561,575
Exclusion of Medicare Benefits -- Hospital Insurance -- Supplementary Medical Insurance -- Prescription Drug Insurance	5102(1-D)	\$58,014,186	\$66,106,302	\$87,936,600	\$95,978,000
Exclusion of Medicare Benefits -- Exclusion of Certain Subsidies to Employers who Maintain Prescription Drug Plans for Medicare Enrollees	5102(1-D)	\$434,500	\$434,500	\$434,500	\$206,425
Exclusion of Damages on Account of Personal Physical Injuries or Physical Sickness	5102(1-D)	\$1,777,759	\$1,735,833	\$2,075,200	\$2,075,200
Exclusion of Health Insurance Benefits for Military Retirees and Retiree Dependents enrolled in Medicare	5102(1-D)	\$1,629,612	\$1,880,486	\$2,399,450	\$2,853,400
		\$913,908,538	\$986,318,075	\$1,039,904,164	\$1,142,674,927
		\$1,157,935,767	\$1,235,711,777	\$1,313,670,554	\$1,420,193,853

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**Appendix B: General Fund tax expenditures – Sales, Motor Fuel and Service Provider Taxes**

General Fund Sales & Use Tax Expenditures	36 MRSA §	FY'10	FY'11	FY'12	FY'13
Casual Sales	1752(11)	D	D	D	D
Sales by Executors	1752(11)	A	A	A	A
Separately Charged Labor Service Fees	1752(14-B-4)	\$39,292,000	\$39,881,000	\$41,068,500	\$42,541,000
Sales to the State & Political Subdivisions	1760(2) & 2557(2)	\$144,103,350	\$146,985,416	\$149,925,125	\$152,923,627
Grocery Staples	1760(3)	\$73,644,000	\$73,796,000	\$74,784,000	\$76,294,500
Ships Stores	1760(4)	C	C	C	C
Prescription Drugs	1760(5)	\$14,687,000	\$14,934,000	\$15,323,500	\$15,779,500
Prosthetic Devices	1760(5-A)	\$4,341,500	\$4,370,000	\$4,465,000	\$4,607,500
Meals Served by Public or Private Schools	1760(6-A)	\$10,260,000	\$10,465,200	\$10,674,504	\$10,887,994
Meals Served to Patients in Hospitals & Nursing Homes	1760(6-B)	\$3,515,000	\$3,648,000	\$3,828,500	\$4,037,500
Providing Meals for the Elderly	1760(6-C)	\$319,874	\$321,473	\$323,080	\$324,696
Providing Meals to Residents of Certain Nonprofit Congregate Housing Facilities	1760(6-D)	A	A	A	A
Certain Meals Served by Colleges to Employees of the College	1760(6-E)	A	A	A	A
Meals Served by Youth Camps that are Licensed by DHHS	1760(6-F)	C	C	C	C
Products Used in Agricultural and Aquacultural Production & Bait	1760.7(A) – 7(C)	\$1,966,500	\$2,052,000	\$2,118,500	\$2,175,500
Certain Jet Fuel	1760(8-B)	\$1,806,120	\$1,860,303	\$1,916,112	\$1,973,596
Coal, Oil & Wood for Cooking & Heating Homes	1760(9)	\$31,853,500	\$32,072,000	\$32,518,500	\$33,012,500
Fuel Oil for Burning Blueberry Land	1760(9-A)	A	A	A	A
First 750 KW Hours of Residential Electricity Per Month	1760(9-B)	\$24,766,500	\$24,871,000	\$25,194,000	\$25,574,000
Gas When Used for Cooking & Heating in Residences	1760(9-C)	\$4,560,000	\$4,607,500	\$4,636,000	\$4,664,500
Fuel and Electricity Used in Manufacturing	1760(9-D) & 2557(36)	\$23,193,769	\$23,425,707	\$23,894,221	\$24,372,106
Fuel Oil or Coal which become an Ingredient or Component Part	1760(9-G)	A	A	A	A
Certain Returnable Containers	1760(12)	\$1,193,200	\$1,228,996	\$1,265,866	\$1,303,842
Packaging Materials	1760(12-A)	\$9,889,500	\$10,212,500	\$10,668,500	\$11,124,500
Publications Sold on Short Intervals	1760(14)	\$4,142,000	\$4,151,500	\$4,199,000	\$4,275,000
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 Nonprofit Residential Child Care Institutions	1760(18-A)	B	B	B	B
Rental of Living Quarters at Schools	1760(19)	E	E	E	E
Rental Charges on Continuous Residence for More Than 28 Days	1760(20)	\$20,805,000	\$21,014,000	\$21,175,500	\$21,318,000
Automobiles Used in Driver Education Programs	1760(21)	A	A	A	A
Certain Loaner Vehicles	1760(21-A)	\$207,480	\$218,842	\$227,595	\$236,699
Automobiles Sold to Amputee Veterans	1760(22)	A	A	A	A
Certain Vehicles Purchased or Leased by Nonresidents	1760(23-C)	C	C	C	C
Certain Vehicles Purchased or Leased by Qualifying Resident Businesses	1760(23-D)	\$778,050	\$821,621	\$854,486	\$888,665
Funeral Services	1760(24)	\$3,391,500	\$3,410,500	\$3,486,500	\$3,600,500
Watercraft Purchased by Nonresidents	1760(25)	C	C	C	C
Snowmobiles & All-terrain Vehicles Purchased by Nonresidents	1760(25-A) & (25-B)	B	B	B	B
Sales to Ambulance Services & Fire Departments	1760(26)	C	C	C	C
Sales to Comm. Mental Health, Substance Abuse & Mental Retardation Facilities	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)	\$20,396,500	\$21,014,000	\$21,869,000	\$22,657,500
New Machinery for Experimental Research	1760(32)	B	B	B	B
Diabetic Supplies	1760(33)	\$993,653	\$1,023,463	\$1,054,166	\$1,085,791
Sales Through Coin Operated Vending Machines	1760(34)	\$439,375	\$448,163	\$457,126	\$466,269
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)	\$8,122,500	\$8,141,500	\$8,151,000	\$8,170,000
Mobile & Modular Homes	1760(40)	\$5,066,134	\$5,116,796	\$5,193,547	\$5,271,451

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## Revenue Outlook and Forecast

Appendix B continued	36 MRSA §	FY'10	FY'11	FY'12	FY'13
Property Used in Interstate Commerce	1760(41)	D	D	D	D
Sales to Historical Societies & Museums	1760(42)	B	B	B	B
Sales to Day Care Centers & Nursery Schools	1760(43)	B	B	B	B
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 Emergency Shelters & Feeding Organizations	1760(47-A)	B	B	B	B
Sales to Comm. Action Agencies; Child Abuse Councils; Child Advocacy Orgs.	1760(49)	C	C	C	C
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)	\$180,500	\$185,250	\$190,000	\$199,500
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) & 2557(18)	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) & 2557(25)	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)	\$95,655,500	\$98,781,000	\$102,942,000	\$106,761,000
Meals & Lodging Provided to Employees	1760(75)	\$140,600	\$142,500	\$143,450	\$144,400
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)	A	A	A	A
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	\$491,282	C	C	C
Sales of Tangible Personal Property to Qualified Development Zone Businesses	1760(87)	C	C	C	C
Sales of Certain Aircraft	1760(88)	\$773,907	\$800,220	\$827,427	\$855,561
Sales of Tangible Personal Property to Qualified Wind Power Generators	1760(89)	A	A	A	A
Sales of Certain Qualified Snowmobile Trail Grooming Equipment	1760(90)	\$68,734	\$71,484	\$74,343	\$77,317
Certain Sales of Electrical Energy	1760(91)	C	C	C	C
Trade-In Credits	1765	\$20,555,084	\$21,582,838	\$22,661,979	\$23,795,078
Returned Merchandise Donated to Charity	1863	B	B	B	B
Merchandise Donated from a Retailer's Inventory to Exempt Organizations	1864	B	B	B	B
Refund of Sales Tax on Goods Removed from the State	2012	A	A	A	A

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## Revenue Outlook and Forecast

<b>Appendix B continued</b>	<b>36 MRSA §</b>	<b>FY'10</b>	<b>FY'11</b>	<b>FY'12</b>	<b>FY'13</b>
Refund of Sales Tax on Certain Depreciable Machinery and Equipment	2013	\$1,914,672	\$1,970,307	\$2,027,468	\$2,086,203
Fish Passage Facilities	2014	A	A	A	A
Reimbursement of Tax to Certain Qualified Wind Power Generators	2017	\$0	A	A	A
Barber Shop, Beauty Pallor and Health Club Services	1752(11)	\$5,576,500	\$5,586,000	\$5,681,000	\$5,814,000
Cleaning, Storage and Repair of Clothing and Shoes	1752(11)	\$2,432,000	\$2,451,000	\$2,498,500	\$2,574,500
Business and Legal Services Purchased by Consumers	1752(11)	\$18,629,500	\$18,772,000	\$19,256,500	\$19,969,000
Amusement & Recreational Services	1752(11)	\$20,368,000	\$20,529,500	\$21,071,000	\$21,878,500
Health Services	1752(11)	\$289,256,000	\$292,410,000	\$301,815,000	\$316,036,500
Educational Services	1752(11)	\$43,481,500	\$44,346,000	\$46,597,500	\$50,046,000
Social, Religious, Welfare, Membership and Other Organization Services	1752(11)	\$71,278,500	\$72,086,000	\$74,451,500	\$78,014,000
Finance, Insurance & Real Estate Services	1752(11)	\$278,948,500	\$284,943,000	\$295,602,000	\$308,845,000
Professional, Scientific, and Technical Services	1752(11)	\$91,209,500	\$93,841,000	\$98,277,500	\$103,350,500
Administrative and Support Services	1752(11)	\$56,078,500	\$58,073,500	\$61,123,000	\$64,581,000
Information Services	1752(11)	\$14,592,000	\$15,010,000	\$15,694,000	\$16,520,500
Transportation and Warehousing Services	1752(11)	\$50,948,500	\$52,278,500	\$54,625,000	\$57,522,500
Construction Services	1752(11)	\$94,401,500	\$94,867,000	\$97,061,500	\$101,156,000
Management of Companies and Enterprises Services	1752(11)	\$42,094,500	\$43,282,000	\$45,144,000	\$47,224,500
<b>General Fund Service Provider Tax Expenditures</b>					
Basic Cable & Satellite Television Service	2551.2	\$3,534,000	\$3,562,500	\$3,657,500	\$3,809,500
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	2557.6	A	A	A	A
Sales to Regional Planning Agencies	2557.7	A	A	A	A
Sales to Historical Societies & Museums	2557.8	A	A	A	A
Sales to Day Care Centers & Nursery Schools	2557.9	A	A	A	A
Sales to Church Affiliated Residential Homes	2557.10	A	A	A	A
Sales to Organ. that Provide Residential Facilities for Med. Patients	2557.11	A	A	A	A
Sales to Emergency Shelters & Feeding Organizations	2557.12	A	A	A	A
Sales to Comm. Action Agencies; Child Abuse Councils; Child Advocacy Orgs.	2557.13	B	B	B	B
Sales to any Nonprofit Free Libraries	2557.14	A	A	A	A
Sales to Veterans Memorial Cemetery Associations	2557.15	A	A	A	A
Sales to Nonprofit Rescue Operations	2557.16	A	A	A	A
Sales to Hospice Organizations	2557.17	A	A	A	A
Sales to Nonprofit Youth & Scouting Organizations	2557.18	B	B	B	B
Sales to Certain Incorporated. Nonprofit Educational Orgs.	2557.19	A	A	A	A
Sales to Certain Charitable Suppliers of Medical Equipment	2557.20	A	A	A	A
Sales to Orgs that Fulfill the Wishes of Children with Life-Threatening Diseases	2557.21	A	A	A	A
Sales to Providers of Certain Support Systems for Single-Parent Families	2557.22	A	A	A	A
Sales to Nonprofit Home Construction Organizations	2557.23	A	A	A	A
Sales to Orgs that Create & Maintain a Registry of Vietnam Veterans	2557.24	A	A	A	A
Sales to Orgs that Provide Certain Services for Hearing-Impaired Persons	2557.25	A	A	A	A
Sales to State-Chartered Credit Unions	2557.26	A	A	A	A
Sales to Nonprofit Housing Development Organizations	2557.27	A	A	A	A
Sales to Eye Banks	2557.28	A	A	A	A
Sales to Centers for Innovation	2557.29	A	A	A	A
Construction contracts with exempt organizations	2557.31	C	C	C	C
Certain Telecommunications Services	2557.33,34	\$8,949,000	\$9,129,500	\$9,443,000	\$9,823,000
<b>General Fund Cigarette Tax &amp; Real Estate Transfer Tax Expenditures</b>					
Cigarette Stamp Tax Deduction for Licensed Distributors	4366A.2	\$1,589,033	\$1,573,142	\$1,557,411	\$1,541,837
Exemptions of the Real Estate Transfer Tax	4641C	C	C	C	C

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## Revenue Outlook and Forecast

Appendix B continued	36 MRSA §	FY'10	FY'11	FY'12	FY'13
<b>Highway Fund Sales &amp; Use Tax Expenditures</b>					
Motor Vehicle Fuel	1760.8A	\$100,240,666	\$103,988,950	\$104,361,864	\$108,060,804
<b>Highway Fund Gasoline &amp; Special Fuel Tax Expenditures</b>					
State and Local Government Exemption from the Gasoline Tax	2903.4(C) & 2910(B)	\$2,226,273	\$2,274,161	\$2,344,901	\$2,421,852
Gasoline Exported from the State	2903.4(A-5)	\$48,557,022	\$49,042,592	\$50,372,561	\$51,893,812
Refund of the Gasoline Tax for Off-Highway Use and for Certain Bus Cos.	2908	\$257,378	\$262,526	\$267,776	\$273,132
State & Local Government Exemption from the Special Fuel Tax	3204-A	\$2,126,436	\$2,147,701	\$2,211,819	\$2,277,004
Distillate Fuel Exported from the State	3204(A-3)	\$6,783,809	\$6,851,647	\$7,056,107	\$7,263,971
Refund of the Special Fuel Tax for Off-Highway Use and for Certain Bus Cos.	3218	\$4,116,934	\$4,158,103	\$4,199,684	\$4,241,681
<b>State Transit, Aviation and Rail Fund Aeronautical Fuel Tax Expenditures</b>					
Excise Tax Exemption on Jet or Turbo Jet Fuel - International Flights	2903.4(D)	\$430,204	\$434,506	\$438,851	\$443,240
Refund of Excise Tax on Fuel Used in Piston Aircraft	2910	\$21,597	\$22,353	\$23,135	\$23,945
<b>H.O.M.E. Fund Excise Tax Expenditure</b>					
Exemptions of the Real Estate Transfer Tax	4641C	C	C	C	C

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