

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 1135

H. P. 917

House of Representatives, March 9, 1979

On Motion of Mrs. Post of Owl's Head, referred to the Committee on Taxation.
Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. F. Carter of Bangor.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-NINE

AN ACT Providing for Revisions in the Maine Individual Income Tax Law.

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

Sec. 1. 36 MRSA § 5111, as last amended by PL 1977, c. 686, § 7, is further amended by adding before the last paragraph the following:

The effective date of change from the foregoing rate table to the next 3 following rate tables shall be January 1, 1980. The amount of tax for any taxable year or portion thereof on or after January 1, 1980 shall be determined in accordance with the following 3 tables.

SINGLE INDIVIDUAL

OR

HUSBAND AND WIFE FILING SEPARATE RETURNS

Taxable Income

Over	Not Over	Pay	+	Tax Rate	On Excess Over
	\$ 1,100			2.2%	
\$ 1,100	2,100	\$ 24.20		2.5%	\$ 1,100
2,100	4,200	49.20		2.8%	2,100

4,200	6,200	108.00	3.0%	4,200
6,200	8,500	168.00	3.3%	6,200
8,500	10,600	243.90	3.8%	8,500
10,600	12,700	323.70	4.1%	10,600
12,700	15,900	409.80	4.7%	12,700
15,900	21,200	560.20	5.4%	15,900
21,200	26,500	846.40	6.2%	21,200
26,500	31,800	1,175.00	7.0%	26,500
31,800	39,200	1,546.00	7.7%	31,800
39,200	53,000	2,115.80	8.7%	39,200
53,000	79,500	3,316.40	10.0%	53,000
79,500	106,000	5,966.40	10.7%	79,500
106,000	. . . up	8,801.90	11.1%	106,000

**HUSBAND AND WIFE FILING JOINT RETURN
OR
SURVIVING SPOUSE**

Taxable Income

Over	Not Over	Pay	+	Tax Rate	On Excess Over
	\$ 2,100			2.2%	
\$ 2,100	4,200	\$ 46.20		2.5%	\$ 2,100
4,200	8,500	98.70		2.8%	4,200
8,500	12,600	219.10		3.3%	8,500
12,600	16,800	354.40		3.8%	12,600
16,800	21,200	514.00		4.4%	16,800
21,200	26,500	707.60		5.1%	21,200
26,500	31,800	977.90		5.8%	26,500
31,800	42,400	1,285.30		6.8%	31,800
42,400	56,600	2,006.10		7.7%	42,400
56,600	82,200	3,099.50		8.5%	56,600
82,200	106,000	5,275.50		9.3%	82,200
106,000	159,000	7,488.90		10.1%	106,000
159,000	212,000	12,841.90		10.7%	159,000
212,000	. . . up	18,512.90		11.1%	212,000

HEAD OF HOUSEHOLD

Taxable Income

Over	Not Over	Pay	+	Tax Rate	On Excess Over
	\$ 2,100			2.2%	
\$ 2,100	4,200	\$ 46.20		2.5%	\$ 2,100
4,200	6,400	98.70		2.8%	4,200

6,400	9,500	160.30	3.5%	6,400
9,500	12,700	268.80	3.8%	9,500
12,700	15,900	390.40	4.1%	12,700
15,900	21,200	521.60	4.9%	15,900
21,200	26,500	781.30	5.7%	21,200
26,500	31,800	1,083.40	6.6%	26,500
31,800	42,400	1,433.20	7.3%	31,800
42,400	58,300	2,207.00	8.5%	42,400
58,300	79,500	3,558.50	9.3%	58,300
79,500	106,000	5,530.10	10.0%	79,500
106,000	159,000	8,180.10	10.7%	106,000
159,000	. . . up	13,851.10	11.1%	159,000

Sec. 2. 36 MRSA § 5113, as enacted by P&SL 1969, c. 154, section F, is amended to read:

§ 5113. Joint return or return of surviving spouse

In the case of a joint return of a husband and wife for any taxable year or portion thereof ending on or before December 31, 1979, the tax imposed by section 5111 shall be twice the tax which would be imposed if the taxable income were cut in half. For any taxable year or portion thereof beginning on or after January 1, 1980, the tax imposed in the case of a joint return of husband and wife shall be determined by utilizing the appropriate table set forth in section 5111. For purposes of this section and section 5124 5124-A (standard deduction), a return of a surviving spouse shall be treated as a joint return of husband and wife.

Sec. 3. 36 MRSA § 5115, as enacted by PL 1977, c. 686, § 8, is amended to read:

§ 5115. Head of household

For taxable years beginning on and after January 1, 1978 and taxable years or portions thereof ending on or before December 31, 1979, a taxpayer who qualifies to file his federal income tax return as a head of a household may also file as a head of a household with the State. If he does so, his tax shall be equal to ½ the amount imposed by section 5111 on his income if he were single, plus ½ of the amount imposed by section 5111 if he were filing a joint return. For any taxable year or portion thereof beginning on or after January 1, 1980, a taxpayer who qualifies to file his federal income tax return as a head of household may also file as a head of household with the State and the tax imposed in the case of the return of a head of a household shall be determined by utilizing the appropriate table set forth in section 5111.

Sec. 4. 36 MRSA § 5124-A, as enacted by PL 1977, c. 477, § 17, is repealed and the following enacted in its place:

§ 5124-A. Standard deduction; resident

The standard deduction of a resident single individual, or resident head of household, or of a resident husband and wife who file a joint return, or of a

resident husband or wife who files a separate return shall be as follows:

1. **Single individual; head of household.** For a single individual or a head of household, \$2,300;
2. **Husband and wife; joint return.** For husband and wife filing joint return or a surviving spouse, \$3,400; and
3. **Husband or wife; separate return.** For a husband or wife filing a separate return, \$1,700.

STATEMENT OF FACT

This bill provides for a new Maine income tax rate table which is developed from the federal income tax table. The tax table as established is approximately 15.8% of the 1979 federal tax at any particular income. Additionally, this legislation provides for the adoption of the 1979 federal zero bracket amounts as the basis of Maine standard deductions.

The purpose of these changes is to emulate the progressivity of the federal income tax structure while providing a modest reduction in the amount of individual income tax revenues collected in Maine.

It is estimated that a change to 15.8% of the federal rate structure which incorporates the federal flat rate deductions would result in a \$6,000,000 revenue loss for the 1979 tax year.

If this proposal becomes effective for all tax years beginning on or after January 1, 1980, then the revenue loss will be approximately:

Fiscal Year	1980	1981
	\$2,500,000	\$6,134,000