

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

SECOND REGULAR SESSION-2004

Legislative Document

No. 1745

H.P. 1267

House of Representatives, December 22, 2003

An Act To Exempt Unemployment Benefits from State Income Tax

(EMERGENCY)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Received by the Clerk of the House on December 17, 2003. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative CLARK of Millinocket.
Cosponsored by Senator DAVIS of Piscataquis and
Representatives: CARR of Lincoln, DUNLAP of Old Town, GOODWIN of Pembroke,
JENNINGS of Leeds, PATRICK of Rumford, USHER of Westbrook, Senator: EDMONDS of
Cumberland.

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

4
6 **Whereas,** unemployment benefits are currently subject to
Maine income tax; and

8 **Whereas,** unemployment benefits are usually less than the
amount the unemployed person was earning; and

10 **Whereas,** income tax on unemployment benefits further reduces
12 the amount of income to those persons who are unemployed, thereby
adding further pecuniary injury; and

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

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

22 **Sec. 1. 36 MRSA §5122, sub-§2, ¶Q,** as corrected by RR 2003, c.
24 1, §38, is amended to read:

26 Q. A fraction of any amount previously added back by the
taxpayer to federal adjusted gross income pursuant to
28 subsection 1, paragraph N.

30 (1) With respect to property first placed in service
during taxable years beginning in 2002, the adjustment
32 under this paragraph is available for each year during
the recovery period, beginning 2 years after the
34 beginning of the taxable year during which the property
was first placed in service. The fraction is equal to
36 the amount added back under subsection 1, paragraph N
with respect to the property, divided by the number of
38 years in the recovery period minus 2.

40 (2) With respect to all other property, for the
taxable year immediately following the taxable year
42 during which the property was first placed in service,
the fraction allowed by this paragraph is equal to 5%
44 of the amount added back under subsection 1, paragraph
N with respect to the property. For each subsequent
46 taxable year during the recovery period, the fraction
is equal to 95% of the amount added back under
48 subsection 1, paragraph N with respect to the property,
divided by the number of years in the recovery period
50 minus 2.

2 In the case of property expensed pursuant to Section 179 of
4 the Code, the term "recovery period" means the recovery
6 period that would have been applicable to the property had
8 Section 179 not been applied; and

10 **Sec. 2. 36 MRSA §5122, sub-§2, ¶T**, as reallocated by RR 2003,
12 c. 1, §37, is amended to read:

14 T. For income tax years beginning on or after January 1,
16 2002, an amount equal to the total premiums spent for
18 long-term care insurance policies certified under Title
20 24-A, section 5075-A as long as the amount subtracted is
22 reduced by the long-term care premiums claimed as an
24 itemized deduction pursuant to section 5125+; and

26 **Sec. 3. 36 MRSA §5122, sub-§2, ¶U** is enacted to read:

28 U. Unemployment benefits.

30 **Sec. 4. Application.** This Act applies to tax years beginning
32 on or after January 1, 2004.

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

SUMMARY

This bill exempts from income, for purposes of computing
Maine income tax, unemployment benefits, beginning January 1,
2004.