

MAINE STATE LEGISLATURE

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Date: 4/16/09

L.D. 197
(Filing No. H-118)

TAXATION

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
124TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 162, L.D. 197, Bill, "An Act To Provide Tax Relief to Workers Who Lose Their Jobs Due to Business Closure"

Amend the bill by striking out all of sections 3 and 4 and inserting the following:

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

CC. For income tax years beginning on or after January 1, 2008 but before January 1, 2012, the amount of severance pay received due to the loss of employment by a covered establishment as defined in Title 26, section 625-B to the extent the severance pay is included in federal adjusted gross income.

Sec. 4. Funding intent. It is the intent of the Legislature that the costs of this legislation be paid for with federal funding made available to the State for economic recovery.

Sec. 5. Application. This Act applies retroactively to income tax years beginning on or after January 1, 2008.

SUMMARY

This amendment clarifies that the proposed income tax deduction for severance pay applies to mandatory severance pay received under the labor laws beginning January 1, 2008 and limits the income tax deduction to 4 years. It is the intent of this amendment that its cost be covered by federal stimulus funds.

**FISCAL NOTE REQUIRED
(See attached)**

COMMITTEE AMENDMENT



124th MAINE LEGISLATURE

LD 197

LR 289(03)

An Act To Provide Tax Relief to Workers Who Lose Their Jobs Due to Business Closure

Fiscal Note for Bill as Amended by Committee Amendment "A"
Committee: Taxation
Fiscal Note Required: Yes

Fiscal Note

	2009-10	2010-11	Projections 2011-12	Projections 2012-13
Net Cost (Savings)				
General Fund	\$1,852,229	\$751,183	\$461,253	\$0
Revenue				
General Fund	(\$1,852,229)	(\$751,183)	(\$461,253)	\$0
Other Special Revenue Funds	(\$101,599)	(\$41,204)	(\$25,301)	\$0

Fiscal Detail and Notes

This bill retroactively exempts from Maine individual income tax any severance pay received on or after January 1, 2008 from a commercial or industrial Maine business that employs or has employed at any time in the preceding 12-month period 100 or more persons and that terminates operations in the State. The income tax exemption for severance pay ends before January 1, 2012. The General Fund revenue loss is projected to be \$1,852,229 in FY 2009-10 and \$751,183 in FY 2010-11. The Local Government Fund revenue loss is anticipated to be \$101,599 in FY 2009-10 and \$41,204 in FY 2010-11. It is the intent of this bill that the loss of revenue be covered by federal stimulus funds from the American Recovery and Reinvestment Act of 2009.