

MAINE STATE LEGISLATURE

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STATE OF MAINE
SENATE
FIRST SPECIAL SESSION
107TH LEGISLATURE

SENATE AMENDMENT "E " to HOUSE AMENDMENT "O" to H.P. 2020, L.D. 2196, Bill, "AN ACT to Revise the Laws Relating to Funding of Public Schools."

Amend said Amendment by striking out all of the 4th and 5th paragraphs.

Further amend said Amendment by striking out all of the 11th and 12th paragraphs which relate to paragraph A of subsection 3 of that part designated "§3748."

Further amend said Amendment by inserting at the end of the 19th paragraph which relates to subsection 12 of that part designated "§3748." the following:

'Notwithstanding the above, the appropriation for local leeway for 1975-76 and 1976-77 shall be considered as a nonlapsing account and in the event that either appropriation level is insufficient to meet the computed state obligation, balances in the other year's appropriation may be applied to meet such obligation. In any event, if the total local leeway appropriation is sufficient to meet the total state obligation, the commissioner shall prorate payments to the units.'

Further amend said Amendment by striking out all of the 24th to the 32nd paragraphs relating to the increase in the cigarette tax and its appropriation.

Further amend said Amendment by striking out all of the 33rd and 34th paragraphs and inserting in place thereof the following:

'Further amend said Bill by adding at the end, before the emergency clause, the following:

Sec. 6. 36 MRSA §5111, as enacted by P&SL 1969, c. 154, §F, §1, is repealed and the following enacted in place thereof: §5111. Imposition and rate of tax

A tax is hereby imposed for each taxable year on the entire taxable income of every resident individual of this State and on the taxable income of every nonresident individual which is derived from sources within this State. The amount of the tax shall be determined in accordance with the following table:

Rate Table A

<u>If the taxable income is:</u>	<u>The tax is:</u>
<u>Not over \$2,000</u>	<u>1% of the taxable income</u>
<u>\$2,000 but not over \$5,000</u>	<u>\$20 plus 2% of excess over \$2,000</u>
<u>\$5,000 but not over \$10,000</u>	<u>\$80 plus 3% of excess over \$5,000</u>
<u>\$10,000 but not over \$25,000</u>	<u>\$230 plus 4% of excess over \$10,000</u>
<u>\$25,000 but not over \$50,000</u>	<u>\$830 plus 5% of excess over \$25,000</u>
<u>\$50,000 or more</u>	<u>\$2,080 plus 6% of excess over \$50,000</u>

The effective date of change from Rate Table A to Rate Table B shall be January 1, 1976. The amount of tax for any taxable year or portion thereof in the period on or after January 1, 1976 to on or before December 31, 1976 shall be determined in accordance with Rate Table B.

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Rate Table B

<u>If the taxable income is:</u>	<u>The tax is:</u>
<u>Not over \$2,000</u>	<u>1.26% of the taxable income</u>
<u>\$2,000 but not over \$5,000</u>	<u>\$25.20 plus 2.52% of excess over \$2,000</u>
<u>\$5,000 but not over \$10,000</u>	<u>\$100.80 plus 3.78% of excess over \$5,000</u>
<u>\$10,000 but not over \$25,000</u>	<u>\$289.80 plus 5.04% of excess over \$10,000</u>
<u>\$25,000 but not over \$50,000</u>	<u>\$1,045.80 plus 6.30% of excess over \$25,000</u>
<u>\$50,000 or more</u>	<u>\$2,620.80 plus 7.56% of excess over \$50,000</u>

The effective date of change from Rate Table B back to Rate Table A shall be January 1, 1977. The amount of tax for any taxable year or portion thereof on or after January 1, 1977 shall be determined in accordance with Rate Table A.

The amount of tax imposed for a taxable year containing a change in rate requiring the use of both of the foregoing tables shall be determined as set forth in section 5234.'

Further amend said Amendment by striking out at the beginning of the 35th paragraph the underlined abbreviation and figure "Sec. 11." and inserting in place thereof the underlined abbreviation and figure 'Sec. 7.' and at the beginning of the 37th paragraph by striking out the underlined abbreviation and figure "Sec. 12." and inserting in place thereof the following: 'Sec. 8.'

Further amend said Amendment in the 37th paragraph by striking out in the 4th line the following: "10 and 11" and inserting in place thereof the following: '6 and 7'

Further amend said Amendment by striking out all of the last sentence of the emergency clause and inserting in place

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thereof the following:

'Sections 6 and 7 of this Act shall take effect when approved.'

Further amend said Amendment by striking out all of the Fiscal Note and inserting in place thereof the following:

'Fiscal Note

Section 2 of House Amendment O would distribute these funds in 1976-77 as follows:

1. Elementary and secondary operating costs	\$197,133,676
2. Special education local programs	7,929,770
3. Vocational education	5,967,828
4. Special education tuition	3,550,000
5. Transportation, operating costs	13,903,400
6. Transportation, bus purchases	1,965,668
7. Capital outlay	710,164
8. Major capital fund	200,000
9. Debt service	<u>26,000,000</u>
	\$257,360,506
Public Law 874 (less)	<u>2,400,000</u>
	\$254,960,506
Leeway-Conversion	1,800,000
Leeway, fiscal yr. 1977	3,000,000
Geographic isolation	285,000
Private school transportation	150,000
Unusual enrollment	<u>400,000</u>
	\$260,595,506

This amendment also results in a 13.5 million dollar increase in the personal income tax for one year.

A uniform property tax rate of 13 mills would raise \$118,048,754 and the balance of \$142,546,752 would be provided from general fund tax sources.'

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Statement of Fact

The amendment to House Amendment "O" replaces the 26% personal income tax surtax with a rate table that is an exact equivalent of the 26% surtax. This new rate table will raise the same amount as the 26% surtax; each taxpayer will pay the same amount of tax under the new rate table as he would have paid under the 26% surtax; finally, like the 26% surtax, the new rate table will be in effect only for calendary year 1976.

This amendment also:

1. Removes the 6% increase on per pupil operating costs and restores the operating subsidy to the level recommended by the Education Committee - \$755 elementary and \$1,110 secondary;
2. Eliminates the cigarette tax increase and funds local leeway at a combined level of \$4.8 million for fiscal year 1975-76 (conversion budgets) and 1976-77; and
3. Provides for funding of the 1975-76 education deficits and allows for a funding level for 1976-77 which stays within the original appropriation of \$265.4 million without raising state general fund taxes. The reduction of 1 1/2 mills in the Uniform Property Tax is accomplished by a corresponding increase in the personal income tax.

(Trotzky)
NAME:



COUNTY: Penobscot

Reproduced and distributed pursuant to Senate Rule 11-A.
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