

MAINE STATE LEGISLATURE

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(EMERGENCY)
FIRST SPECIAL SESSION

ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 2264

H. P. 2112 House of Representatives, February 26, 1976
Approved for Introduction by a Majority of the Committee on Reference
of Bills pursuant to Joint Order S. P. 635, as amended, and ordered printed.
EDWIN H. PERT, Clerk

Presented by Mr. Rolde of York.
Cosponsor: Mr. Palmer of Nobleboro.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SIX

**AN ACT to Make Necessary Revisions in the Income Tax Law for School
Funding Purposes.**

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

Whereas, Legislation is pending passage this session of the Legislature which would provide funding of public schools; and

Whereas, this legislation inadvertently restricts the funding mechanism to one year's duration; and

Whereas, if the funding mechanism is to be made permanent it will be expedient to change the personal income tax withholding rates effective July 1, 1976; and

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

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

36 MRSA § 5111, as enacted by P&SL 1969, c. 154, § F, § 1, is repealed and the following enacted in place thereof: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

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

The effective date of change from the foregoing rate table to the next following rate table 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 the following:

If the taxable income is:	The tax is:
Not over \$2,000	1% of the taxable income
\$ 2,000 but not over \$ 4,000	\$ 20 plus 2% of excess over \$ 2,000
\$ 4,000 but not over \$ 5,000	\$ 60 plus 3% of excess over \$ 4,000
\$ 5,000 but not over \$ 6,000	\$ 90 plus 3.5% of excess over \$ 5,000
\$ 6,000 but not over \$ 8,000	\$ 125 plus 4.5% of excess over \$ 6,000
\$ 8,000 but not over \$10,000	\$ 215 plus 5% of excess over \$ 8,000
\$10,000 but not over \$15,000	\$ 315 plus 6% of excess over \$10,000
\$15,000 but not over \$25,000	\$ 615 plus 6.5% of excess over \$15,000
\$25,000 but not over \$50,000	\$1,265 plus 7.5% of excess over \$25,000
\$50,000 or more	\$3,140 plus 8% of excess over \$50,000

The effective date of change from the foregoing rate table to the next following rate table 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 the following table.

If taxable income is:	The tax is:
Not over \$2,000	1% of the taxable income
\$ 2,000 but not over \$ 4,000	\$ 20 plus 2% of excess over \$ 2,000
\$ 4,000 but not over \$ 6,000	\$ 60 plus 4% of excess over \$ 4,000
\$ 6,000 but not over \$ 8,000	\$ 140 plus 6% of excess over \$ 6,000
\$ 8,000 but not over \$10,000	\$ 260 plus 7% of excess over \$ 8,000
\$10,000 but not over \$15,000	\$ 400 plus 8% of excess over \$10,000
\$15,000 but not over \$25,000	\$ 800 plus 9% of excess over \$15,000
\$25,000 or more	\$1,700 plus 10% of excess over \$25,000

The amount of tax imposed for a taxable year containing a change in rate requiring a use of 2 of the foregoing tables shall be determined as set forth in section 5234.

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect on April 30, 1976.

FISCAL NOTE

This bill will produce the following net increase in undedicated revenue — \$18.5 million for fiscal year 1976-77.

STATEMENT OF FACT

This bill corrects the following errors and inconsistencies in the income tax law which arise with the operation of L. D. 2196:

First, it corrects language which inadvertently restricted the tax increase to only one calendar year 1976. This bill makes the tax increase permanent;

Second, it establishes an interim tax table that will be in effect for only calendar year 1976. This interim tax table imposes a tax increase at each income bracket of approximately 1/2 the tax increase imposed by the reform tax table of L. D. 2196. This interim table is necessary to produce revenues consistent with the original fiscal requirements.

Without this interim tax table, 18 months of income taxes will be collected at the reform rates of L. D. 2196 for fiscal year 1976-77. With the interim table, 12 months of income taxes will be collected at the interim rates and 6 months will be collected at the reform rates of L. D. 2196. For fiscal year 1977-78 and each fiscal year thereafter, 12 months of income taxes will be collected at the reform rates of L. D. 2196.