MAINE STATE LEGISLATURE

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STATE OF MAINE HOUSE OF REPRESENTATIVES 108TH LEGISLATURE

(Filing No. H-745)

FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 732, L.D. 971, Bill, "AN ACT to Revise the Maine Tax Structure."

Amend the Bill by striking out everything after the enacting clause and inserting in its place the following:

'Sec. 1. 36 MRSA §5111, as repealed and replaced by PL 1975, c. 661, is repealed and the following enacted in its place:

§ 5111. Imposition and rate of tax

If the taxable income is:

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

Single persons

No	t over \$500		2.2% c	of the taxable income
\$	500 but not over	\$ 1,000	\$ 1	11 plus 2.4% of excess over \$ 500
\$	1,000 but not over	\$ 1,500		23 plus 2.6% of excess over \$ 1,000
\$	1,500 but not over	\$ 2,000	\$ 3	36 plus 2.7% of excess over \$ 1.500
Ś	2.000 but not over	\$ 4,000	Ś	50 plus 3 % of excess over \$ 2,000

The tax is

- \$ 50 plus \$ 110 plus \$ 178 plus \$ 254 plus \$ 334 plus \$ 421 plus \$ 613 plus \$ 722 plus \$ 722 plus \$ 958 plus \$ 1,214 plus \$ 1,646 plus \$ 2,126 plus \$ 2,654 plus \$ 3,230 plus 6,000 4,000 but not over \$ 3.4% of excess over 4,000 8,000 6,000 but not over 3.8% of excess over 6,000 8,000 but not over \$ 4 % of excess over 10,000 8,000
- 10,000 but not over \$ 12,000 4.3% of excess over 10,000 12,000 but not over \$ 14,000 4.6% of excess over 12,000 14,000 but not over 16,000 % of excess over 14,000
- 5.4% of excess over 700 but not over 18,000 16,000 00 but not over 20,000 5.8% of excess over 18,000
- 20,000 but not over \$ 22,000 but not over \$ 26,000 but not over \$ 26,000 but not over \$ 22,000 6.1% of excess over 20,000 6.4% of excess over \$ 26,000 22,000 32,000 26,000
- 7.2% of excess over \$ 8 % of excess over \$ 8.8% of excess over \$ \$ 32.000 but not over 38,000 32,000 44,000 8.8% of excess over 38,000 00 but not over
- 9.6% of excess over \$ 44,000 00 but not over 50,000 50,000 but not over \$ 60,000 9.9% of excess over \$ 50,000

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$ 60,000 but not over $ 70,000 $ 4,222 plus 10.2% of excess over $ 00 $ 70,000 but not over $ 80,000 $ 5,246 plus 10.6% of excess over $ 90,000 $ 80,000 but not over $ 90,000 $ 6,302 plus 10.9% of excess over $ 80,000 $ 7,390 plus 11 % of excess over $ 90,000 $ 100,000 or more $ 8,494 plus 11.2% of excess over $ 100,000
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Married - Joint

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If the taxable income is:
                                                                                     The tax is:
Not over $1,000
                                                                           2.2% of taxable income
      1,000 but not over $
                                                     2,000
                                                                                     22 plus
                                                                                                        2.4% of excess over $
                                                                                                                                                        1,000
$ 46 plus
72 plus
99 plus
$ 219 plus
$ 359 plus
$ 519 plus
$ 699 plus
$ 903 plus
$ 1,355 plus
$ 1,383 plus
$ 1,651 plus
$ 1,939 plus
$ 2,247 plus
$ 3,907 plus
$ 3,907 plus
$ 4,963 plus
$ 4,963 plus
$ 4,963 plus
$ 7,231 plus
      2,000 but not over $
                                                                                                        2.6% of excess over $
                                                     3,000
                                                                                     46 plus
                                                                                                                                                         2,000
                                                     4,000
      3,000 but not over $
                                                                                                        2.7% of excess over $
                                                                                                                                                         3,000
                                                                                                       3.5% of excess over $
3.5% of excess over $
4.5% of excess over $
4.5% of excess over $
5.1% of excess over $
      4,000 but not over
                                                     8,000
                                                                                                                                                        4,000
                                                   12,000
                                                                                                                                                         8,000
      8,000 but not over
    12,000 but not over $ 16,000 but not over $ 20,000 but not over $
                                                                                                                                                      12,000
                                                   16,000
                                                   20,000
                                                                                   519 plus
                                                                                                                                                       16,000
                                                  24,000
                                                                                                                                                       20,000
    20,000 but not over $ 24,000
24,000 but not over $ 28,000
28,000 but not over $ 32,000
32,000 but not over $ 36,000
36,000 but not over $ 40,000
40,000 but not over $ 44,000
44,000 but not over $ 52,000
52,000 but not over $ 64,000
                                                                                                        5.8% of excess over $ 6.2% of excess over $ 6.7% of excess over $ 7.2% of excess over $
                                                                                                                                                       24,000
                                                                                                                                                      28,000
                                                                              1,383 plus
                                                                                                                                                             000
                                                                                                        7.2% of excess over $ 7.7% of excess over $ 8 % of excess over $
                                                                                                                                                              100
                                                                                                                                                     40,000
                                                                                                                                                     44,000
                                                                                                        8.5% of excess over $
                                                                                                                                                     52,000
    64,000 but not over
                                                  76,000
                                                                                                        8.8% of excess over
                                                                                                                                                     64,000
$ 76,000 but not over $ 76,000
$ 76,000 but not over $ 88,000
$ 88,000 but not over $100,000
$100,000 but not over $120,000
$120,000 but not over $140,000
                                                                                                                                                  $ 76,000
                                                                                                        9.3% of excess over
                                                                                                        9.6% of excess over $ 88,000
                                                                           $ 7,231 plus 9.9% of excess over $120,000
$ 9,211 plus 10.2% of excess over $120,000
$140,000 but not over $160,000
$160,000 but not over $180,000
$180,000 but not over $200,000
                                                                           $13,371 plus 10.9% of excess over $160,000
                                                                           $15,551 plus 11 % of excess over $180,000
$200,000 or more
                                                                           $17,751 plus 11.2% of excess over $200,000
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Sec. 2. 36 MRSA §5113, as enacted by P&SL 1969, c. 154, §F, is repealed and the following enacted in its place:

§5113. Surviving spouse

If a person qualifies as a surviving spouse for federal income tax purposes, he may also qualify as a surviving spouse for the purposes of this chapter and file a joint return while so qualified.

Sec. 3. 36 MRSA §5115 is enacted to read:

§ 5115. Head of household

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 1/2 the amount imposed by section 5111 on his income if he were single, plus 1/2 of the amount imposed by section 5111 if he were filing a joint return.

Sec. 4. 36 MRSA §5124,/as amended by PL 1975, c. 765,
§27, is repealed and the following enacted in its place:

The standard deduction of a resident individual, or of a resident husband and wife who file a joint return or of a resident married person who files a separ ate return shall be as follows:

- Sec. 5. 36 MRSA §5124, sub-§1, as enacted by PL 1975,
 c. 660, §7, is repealed.
- Sec. 6. 36 MRSA §5124, sub-§§2, 3 and 4 are enacted to read:
 - Single persons. Single persons a deduction of \$2,200.
- 3. Married persons; joint returns. Married persons
 and filing joint returns or a surviving spouse a deduction of \$3,200;7
- 4. Married persons; separate return. A married person filing a separate return a deduction of \$1,600.

Sec. 7. 36 MRSA §5143, as amended by PL 1975, c. 765, §28, is repealed and the following enacted in its place: §5143. Standard deduction; nonresident

The standard deduction of a nonresident individual, a nonresident husband and wife who file a joint return or of a nonresident married person who files a separate return shall be the same as the standard deduction allowed under section 5124 to a resident individual, a resident husband and wife - who file a joint return or of a resident married person who files a separate return.

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect January 1, 1978.

Statement of Fact

The purpose of this amendment is to replace the provisions of L.D. 971 with a new income tax schedule which seeks to even out the burdens caused by last year's income tax increase. A head of household rate is also provided, which will allow single persons with dependents to pay at a rate halfway between the married and single rates. Finally, this tax schedule, which is a percentage of the federal personal income tax schedule, also adopts the new more liberal standard deduction adopted this year by the Federal Government. The change in burdens caused by this new schedule would be:

		C	Ø	Wi	w	itt	e	ڡ		(Ju	e	nd	M	en	+	٦,	} "	
200,000	175,000	150,000	125,000	100,000	75,000	50,000	30,000	25,000	20,000	17,500	15,000	10,000	7,500	5,000	2,500	\$ 1,500		Adjusted Gross Income	
10,960	9,460	7,960	6,460	4,960	3,460	1,980	980	750	550	450	350	170	103	50	12	\$ 3		1975	IIS
18,860	16,360	13,860	11,360	8,860	6,360	3,860	1,860	1,394	944	728	528	218	92	26	-	\$ -0-		1977	SINGLE 1 EXEMPTION
19,336	16,536	13,736	10, 936	8,138	5,437	2,923	1,344	947	656	529	411	208	120	44	þ	\$ -0-		Proposed	MPTION
9,980	8,480	6,980	5,480	4,010	2,760	1,540	740	540	370	295	220	100	55	25	2	\$ -0		1975	MARRI
17,920	15,420	12,920	10,420	7,920	5,420	2,968	1,216	816	472	322	224	78	34	9	þ	\$ -0-		1977	MARRIED 2 EXEMPTIONS
17,179	14,439	11,760	9,191	6,732	4,417	2,311	949	690	471	371	247	123	54	þ	þ	\$ - P		Proposed	TIONS
9,860	8,360	6,860	5,360	3,910	2,660	1,460	660	460	310	235	160	60	28	5	þ	\$ -0-		1975	WH
17,720	15,220	12,720	10,220	7,720	5,220	2,788	1,056	674	352	228	144	39	14	• •	þ	\$ -		1977	MARRIED 4 EXEMPTIONS
16,959	14,221	11,548	8,993	6,540	4,241	2,158	842	600	391	300	213	67	7	þ	þ	\$ -0-		Proposed	TIONS

RATES IN EFFECT FOR 1975, CURRENT RATES FOR 1977 AND EFFECT OF THE MAINE INDIVIDUAL INCOME TAX BETWEEN

Reproduced & distributed under the direction of the Of the House. 6/20/77Reported by the Minority of the Committee on Taxation.

(Filing No. H-745)