

MAINE STATE LEGISLATURE

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STATE OF MAINE
SENATE
108TH LEGISLATURE
SECOND REGULAR SESSION

SENATE AMENDMENT "A " to H.P. 1952, L.D. 2031, Bill,
"AN ACT to Establish a Uniform Confidentiality Statute for Tax
Information and to Update the Maine Income Tax Law with Respect
to the Internal Revenue Code."

Amend the Bill by inserting before the enacting clause
the following:

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

Whereas, a new jobs credit was added to the Internal
Revenue Code for years beginning after 1976 by the Federal
Government in order to stimulate new jobs; and

Whereas, it is vitally necessary to provide for the
continuation of taxation of incomes for individuals and
corporations without influence from the credit; and

Whereas, legislation is necessary to prevent the State from
taxing this federal audit which in effect actually increases
income for state income tax purposes; 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, '

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Further amend the Bill by inserting after section 5 the following:

'Sec. 5-A. 36 MRSA §5102, sub-§8, ¶D, is enacted to read:
D. That portion of the wages or salaries paid or incurred for the taxable year which is equal to the amount of the credit allowable for the taxable year under section 44 B of the Internal Revenue Code, as amended by PL 95 -30, / 202, Section relating to credit for employment of certain new employees.'

Further amend the Bill by inserting after section 6 the following:

'Sec. 6-A. 36 MRSA §5122, ^{sub-§2,} /as enacted by P&SL 1969, c. 154, Section F, is repealed and the following enacted in its place:

2. Subtractions. Federal adjusted gross income shall be reduced by:

A. Interest or dividends on obligations of the United States and its territories and possessions or of any authority, commission or instrumentality of the United States to the extent includable in gross income for federal income tax purposes but exempt from state income taxes under the laws of the United States, provided that the amount subtracted shall be decreased by any expenses incurred in

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the production of the interest or dividend income to the extent that these expenses, including amortizable bond premiums, are deductible in determining federal adjusted gross income; and

B. That portion of the wages or salaries paid or incurred for the taxable year which is equal to the amount of the credit allowable for the taxable year under section 44 B of the Internal Revenue Code, as amended by PL 95 - 30, Section /202, relating to credit for employment of certain new employees.

Sec. 6-B. 36 MRSA §5205, sub-§3, as enacted by PL 1973, c. 788, §194, is repealed and the following enacted in its place:

3. 5% of taxable income not in excess of \$25,000, plus 7% of the taxable income in excess of \$25,000 attributable on or after January 1, 1974, provided that taxable income, for purposes of this subsection, shall be reduced ^{by} / ~~that~~ portion of the wages or salaries paid or incurred for the taxable year which is equal to the amount of the credit allowable for the taxable year under section 44 B of the Internal Revenue Code, as amended by PL 95 - 30, / ^{Section} 202, relating to credit for employment of certain new employees and is reduced by the amount of the tax payable by the corporation or association for the taxable year under chapter 817.'

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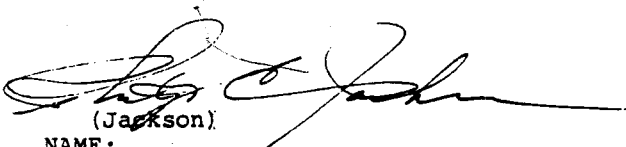
Further amend the Bill by inserting at the end before the Statement of Fact the following:

'Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved, except for sections 1, 2, 3, 4, 5, 6, 7 and 8, which shall take effect 90 days after adjournment of the Legislature.

Statement of Fact

amendment

This / is intended to counteract the present effect of the federal new jobs credit on Maine taxable income. The federal credit is partially offset by a federal requirement that the taxpayer's normal deduction for wages paid be reduced by the amount of the credit. Since Maine does not allow the credit, use of the federal adjusted gross income figure, which includes the credit offset, would place the taxpayer in a worse position for Maine income tax purposes than if the new jobs credit did not exist. This effect would offset the incentive established by the federal credit and tend to frustrate the federal objective of job creation.



(Jackson)

NAME:

COUNTY: Cumberland

Reproduced and distributed pursuant to Senate Rule 11-A.

March 9, 1978

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