

MAINE STATE LEGISLATURE

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SECOND REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 1826

H. P. 1722

House of Representatives, January 18, 1980

Referred to the Committee on Taxation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk of the House

Presented by Miss Gavett of Orono.

Cosponsors: Mr. Davis of Monmouth and Mr. Kelleher of Bangor.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY

AN ACT to Exempt from Maine Income Tax Interest Earned on Accounts in
Maine Financial Institutions.

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

36 MRSA § 5122, sub-§ 2, as repealed and replaced by PL 1977, c. 686, § 9, is amended to read:

2. Subtractions. ~~For tax years beginning on or after January 1, 1977, federal~~ Federal adjusted gross income shall be reduced by:

A. For tax years beginning on or after January 1, 1977, Interest 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 includible 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 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. For tax years beginning on or after January 1, 1977, An an amount equal to the taxpayer's federal new jobs credit as determined under the laws of the United States; ~~and~~

C. For tax years beginning on or after January 1, 1979, interest on savings accounts, savings deposits, NOW accounts, time deposits, certificates of deposit or other passbook or nonpassbook accounts or special purpose accounts which bear interest and are maintained in a financial institution, and dividends on share accounts in credit unions, up to and including the the following aggregate amounts for each taxable year:

- (1) \$200 for single individuals, married persons filing separate returns and trusts and estates;**
- (2) \$300 for unmarried or legally separated taxpayers who qualify as heads of household; and**
- (3) \$400 for married taxpayers, widows and widowers filing joint federal income tax returns.**

“Financial institution” means a savings bank, trust company, industrial bank, savings and loan association, commercial bank or credit union organized under the laws of the State or organized under provisions of federal law and maintaing an office in this State.

STATEMENT OF FACT

This bill provides a limited income tax exemption on interest earned on a deposit in a Maine bank.