

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 295

H. P. 255

House of Representatives, January 19, 1981

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

EDWIN H. PERT, Clerk

Presented by Mr. Carter of Winslow.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT to Permit Federal Income Tax Payments to be Deducted under the State Income Tax Law.

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36 MRSA § 5122, sub-§ 2, as repealed and replaced by PL 1977, c. 686, § 9, is amended to read: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. ~~Interest~~ For tax years beginning on or after January 1, 1977, 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. ~~An~~ For tax years beginning on or after January 1, 1977, 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, 1980, an amount equal to the income tax imposed on the taxpayer by the United States.

STATEMENT OF FACT

This bill permits individuals to deduct federal income tax payments from their gross income under the state income tax law.