

MAINE STATE LEGISLATURE

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1 SECOND REGULAR SESSION
2

3 ONE HUNDRED AND TENTH LEGISLATURE
4

5 **Legislative Document**

No. 1737

6
7 Initiated Bill 2 House of Representatives, January 6, 1982
8 Transmitted to the Clerk of the House of the 110th Maine Legisla-
9 ture by the Secretary of State on January 4, 1982 and 2,500 ordered
printed.

10 EDWIN H. PERT, Clerk
11

12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-TWO
16

17 AN ACT to Adjust Annually Individual Income Tax Laws
18 to Eliminate Inflation-induced Increases in Individual
19 State Income Taxes.
20

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

22 Sec. 1. 36 MRSA §5111, as amended by PL 1977, c. 686,
23 §7, is further amended by adding at the end a new paragraph
24 to read:

25 The nominal dollar amounts of this section are subject
26 to annual adjustment under section 5403.

27 Sec. 2. 36 MRSA §5124-A, as enacted by PL 1977, c.
28 477, §17, is amended by adding at the end a new paragraph to
29 read:

30 The nominal dollar amounts of this section are subject
31 to annual adjustment under section 5403.

1 30th of the current taxable year over the Consumer Price
2 Index for the 12-month period ending June 30th of the
3 immediately preceding taxable year, expressed as a decimal
4 rounded to the nearest one-thousandth.

5 3. Inflation factor. "Inflation factor" means the
6 percentage adjustment factor plus 1. The inflation factor
7 for any taxable year shall not exceed 1.070.

8 §5403. Annual adjustments for inflation

9 On or about September 15th of each taxable year, the
10 State Tax Assessor shall multiply the inflation factor for
11 that taxable year by the dollar amounts of both the standard
12 deduction and the personal exemption as adjusted under this
13 chapter in the immediately preceding taxable year. The
14 State Tax Assessor shall also multiply the inflation factor
15 by certain dollar bracket amounts in the tax rate schedule
16 for each filing status, as follows:

17 1. Single individuals and married persons filing sep-
18 arate returns. The inflation factor shall be multiplied by
19 the dollar bracket amounts, as adjusted under this chapter
20 in the immediately preceding taxable year, on the tax rate
21 schedule for single individuals and married persons filing
22 separate returns, up to and including the dollar bracket
23 amount for taxable income not over \$15,000, as adjusted. In
24 addition, the inflation factor shall be multiplied by the
25 dollar bracket amount for taxable income of \$15,000, as ad-
26 justed.

27 2. Heads of households. The inflation factor shall be
28 multiplied by the dollar bracket amounts, as adjusted under
29 this chapter in the immediately preceding taxable year, on
30 the tax rate schedule for unmarried or legally separated
31 taxpayers who qualify as heads of household, up to and
32 including the dollar bracket amount for taxable income not
33 over \$22,500, as adjusted. In addition, the inflation
34 factor shall be multiplied by the dollar bracket amount for
35 taxable income of \$22,500, as adjusted.

36 3. Married taxpayers and other filing joint returns.
37 The inflation factor shall be multiplied by the dollar
38 bracket amounts, as adjusted under this chapter in the
39 immediately preceding taxable year, on the tax rate schedule
40 for married taxpayers and widows and widowers filing joint
41 federal returns, up to and including the dollar bracket
42 amount for taxable income over \$30,000, as adjusted. In ad-
43 dition, the inflation factor shall be multiplied by the

1 dollar bracket amount for taxable income of \$30,000, as ad-
2 justed.

3 The dollar amounts of the standard deduction, the per-
4 sonal exemption and the dollar bracket amounts listed above,
5 adjusted by application of the inflation factor and rounded
6 to the nearest \$100, shall be effective for the then current
7 taxable year and shall be incorporated into the income tax
8 forms and instructions of the State Tax Assessor for that
9 taxable year.

10 If the inflation factor for any taxable year is 1.000
11 or less, no adjustment shall be made for that taxable year
12 and the dollar amounts of the standard deductions, personal
13 exemption and the dollar bracket amounts of the tax rate
14 schedules listed above shall remain at the prior taxable
15 year's level.

16 **Sec. 5. Effective date.** This chapter shall take
17 effect for tax years beginning on or after January 1, 1981.

18 **STATEMENT OF FACT**

19 This bill provides for the annual indexation of the
20 individual income tax system. Adjustments to the tax struc-
21 ture will be computed upon an inflation factor based upon
22 the National Consumer Price Index as determined by the
23 United States Department of Labor.

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