

MAINE STATE LEGISLATURE

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L.D. 2017

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STATE OF MAINE
HOUSE OF REPRESENTATIVES (Filing No. H-724)
110TH LEGISLATURE
SECOND REGULAR SESSION

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COMMITTEE AMENDMENT "A" to H.P. 2074, L.D. 2017, Bill,
"AN ACT to Index Annually the Standard Deduction Provision
of the Maine Personal Income Tax and to Provide for a Stat-
utory Referendum."

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Amend the Bill by striking out all of the title and
inserting in its place the following:

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'AN ACT to Index Annually the Standard Deduction and
Personal Exemption Provisions of the Maine Personal Income
Tax.'

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Further amend the Bill by inserting after section 1 the
following:

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'Sec. 2. 36 MRSA §5126, as last amended by PL 1979, c.
615, §4, is repealed and the following enacted in its place:

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§5126. Personal exemptions

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For taxable years beginning on or after January 1,
1982, a resident individual shall be allowed an exemption of
\$1,100 for each exemption to which he is entitled for the
taxable year for federal income tax purposes.

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For taxable years ending on or after January 1, 1983,
the nominal dollar amounts of this section are subject to
annual adjustment under section 5383, subsection 2.'

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Further amend the Bill in section 3 by striking out all
of that part designated "§5381." and inserting in its place
the following:

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'§5381. Findings and purposes

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The income tax laws of this State, in combination with
inflation, have caused inequitable treatment of the tax-
payer. Personal income has risen with inflation, but the

1 COMMITTEE AMENDMENT "A" to H.P. 2074, L.D. 2017

2 values of the standard deduction and personal exemptions
3 have remained constant. As a result, the taxable incomes of
4 most taxpayers have risen while their real purchasing power
5 has remained the same or decreased. The purpose of this
6 chapter is to help correct this situation by requiring that
7 the value of personal exemptions be increased to a more
8 realistic level and that the standard deduction and personal
9 exemptions be adjusted in accordance with annual increases
10 in the United States Personal Consumption Expenditure
11 Index.'

12 Further amend the Bill in section 3 by striking out all
13 of that part designated "§5383." and inserting in its place
14 the following:

15 '§5383. Annual statement'

16 1. Standard deductions. For each taxable year begin-
17 ning on or after January 1, 1982, the State Tax Assessor
18 shall multiply the inflation factor for that taxable year by
19 the dollar amounts of the standard deduction, as provided in
20 section 5124-A, and as adjusted under this chapter for the
21 immediately preceding taxable year. The resulting dollar
22 amounts, rounded to the nearest \$50, shall be used as the
23 standard deduction for that taxable year.

24 2. Personal exemptions. For each taxable year begin-
25 ning on or after January 1, 1983, the State Tax Assessor
26 shall multiply the inflation factor for that taxable year by
27 the dollar amounts of the personal exemption, as provided in
28 section 5126, and as adjusted under this chapter for the
29 immediately preceding taxable year. The resulting dollar
30 amounts, rounded to the nearest \$50, shall be used as the
31 personal exemption for that taxable year.'

32 Further amend the Bill by striking out all of section 4
33 and inserting in its place the following:

34 'Sec. 4. Effective date. Section 2 of this Act shall
35 take effect for taxable years beginning on or after January
36 1, 1982.'

37 Further amend the Bill by renumbering the sections to
38 read consecutively.

1 COMMITTEE AMENDMENT "A" to H.P. 2074, L.D. 2017

2 FISCAL NOTE

3 It is estimated that enactment of this bill will result
4 in the loss of \$4,718,000 to the General Fund and \$197,000
5 to the Local Government Fund in fiscal year 1982-83. The
6 fiscal impact of Title 36, section 5383, subsection 2, will
7 not occur until fiscal year 1983-84.

8 STATEMENT OF FACT

9 The purpose of this amendment is to increase the per-
10 sonal exemption from \$1,000 to \$1,100 for 1982 and to pro-
11 vide for annual adjustment of the standard deduction accord-
12 ing to the annual increase in the United States Personal
13 Consumption Expenditure Index for the tax years beginning on
14 or after January 1, 1982. The amendment further provides
15 for annual adjustment of the personal exemption according to
16 the annual increase in the United States Personal Consump-
17 tion Expenditure Index for the tax years beginning on or
18 after January 1, 1983.

19 This amendment also removes the referendum provision.

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Reported by the Majority of the Committee on Taxation.
Reproduced and distributed under the direction of the Clerk
of the House.

3/31/82

(Filing No. H-724)