

# MAINE STATE LEGISLATURE

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L.D. 96

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES (Filing No. H-5)  
11TH LEGISLATURE  
FIRST REGULAR SESSION

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HOUSE AMENDMENT "C" to S.P. 34, L.D. 96,  
Bill, "AN ACT to Remove the Retroactive Provisions of  
the Income Tax Indexing Law."

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Amend the bill by striking out everything  
after the title and before the enacting clause and  
inserting in its place the following:

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

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Whereas, the people of the State of Maine have by  
referendum approved a measure to index the state  
income tax to account for inflation; and

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Whereas, that measure becomes effective on Janu-  
ary 15, 1983; and

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Whereas, that measure is retroactive to 1981; and

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Whereas, the Legislature finds that the budgets  
that were passed for the 1982 and 1983 fiscal years  
were necessary for the proper operation of government  
and the well-being of the citizens of this State; and

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Whereas, the income tax revenues collected for  
those years, though subject to inflation, were neces-  
sary to the proper operation of state and local gov-  
ernments; and

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Whereas, the Legislature finds that it is neces-  
sary to offset the effects of indexing for 1981 and  
1982; and

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Whereas, in the judgment of the Legislature,  
these facts create an emergency within the meaning of

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1 the Constitution of Maine and require the following  
2 legislation as immediately necessary for the preser-  
3 vation of the public peace, health and safety; now,  
4 therefore,'

5 Further amend the bill by striking out everything  
6 after the enacting clause and before the emergency  
7 clause and inserting in its place the following:

8 'Sec. 1. 36 MRS.A §5111, as amended by 1982, I.B  
9 2, §1, is further amended by adding at the end before  
10 the last paragraph the following:

11 The rate table for tax years beginning in 1981 as  
12 adjusted under chapter 841 is changed and the follow-  
13 ing rate table shall apply:

<u>If the taxable income is:</u>	<u>The tax is:</u>
14 Not over \$2,000	1% of the taxable income
15 \$2,000 but not over	\$20 + 2% of excess of
16 \$4,000	\$2,000
17 \$4,000 but not over	\$60 + 3% of excess over
18 \$6,000	\$4,000
19 \$6,000 but not over	\$120 + 6% of excess over
20 \$8,000	\$6,000
21 \$8,000 but not over	\$240 + 7% of excess over
22 \$10,000	\$8,000
23 \$10,000 but not over	\$380 + 8% of excess over
24 \$15,000	\$10,000
25 \$15,000 but not over	\$780 + 9.2% of excess
26 \$25,000	over \$15,000
27 \$25,000 or more	\$1,700 + 10% of excess
28	over \$25,000
29	

30 The rate table for tax years beginning in 1982 as  
31 adjusted under chapter 841 is changed and the follow-  
32 ing rate table shall apply:

<u>If the taxable income is:</u>	<u>The tax is:</u>
33 Not over \$2,000	1% of the taxable income
34 \$2,000 but not over	\$20 + 2% of excess of
35 \$4,000	\$2,000
36	

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1	<u>\$4,000</u>	but not over	<u>\$60 + 3% of excess over</u>
2	<u>\$6,000</u>		<u>\$4,000</u>
3	<u>\$6,000</u>	but not over	<u>\$120 + 6% of excess over</u>
4	<u>\$8,000</u>		<u>\$6,000</u>
5	<u>\$8,000</u>	but not over	<u>\$240 + 7% of excess over</u>
6	<u>\$10,000</u>		<u>\$8,000</u>
7	<u>\$10,000</u>	but not over	<u>\$380 + 8% of excess over</u>
8	<u>\$15,000</u>		<u>\$10,000</u>
9	<u>\$15,000</u>	but not over	<u>\$780 + 9.2% of excess</u>
10	<u>\$25,000</u>		<u>over \$15,000</u>
11	<u>\$25,000 or more</u>		<u>\$1,700 + 10% of excess</u>
12			<u>over \$25,000</u>

13           The rate table subject to adjustment for tax  
14 years beginning in 1983 shall be the following:

15	<u>If the taxable income is:</u>		<u>The tax is:</u>
16	<u>Not over \$2,000</u>		<u>1% of the taxable income</u>
17	<u>\$2,000</u>	but not over	<u>\$20 + 2% of excess of</u>
18	<u>\$4,000</u>		<u>\$2,000</u>
19	<u>\$4,000</u>	but not over	<u>\$60 + 3% of excess over</u>
20	<u>\$6,000</u>		<u>\$4,000</u>
21	<u>\$6,000</u>	but not over	<u>\$120 + 6% of excess over</u>
22	<u>\$8,000</u>		<u>\$6,000</u>
23	<u>\$8,000</u>	but not over	<u>\$240 + 7% of excess over</u>
24	<u>\$10,000</u>		<u>\$8,000</u>
25	<u>\$10,000</u>	but not over	<u>\$380 + 8% of excess over</u>
26	<u>\$15,000</u>		<u>\$10,000</u>
27	<u>\$15,000</u>	but not over	<u>\$780 + 9.2% of excess</u>
28	<u>\$25,000</u>		<u>over \$15,000</u>
29	<u>\$25,000 or more</u>		<u>\$1,700 + 10% of excess</u>
30			<u>over \$25,000</u>

31           Sec. 2. 36 MRSA §5124-A, sub-§4 is enacted to  
32 read:

33           4. Indexing adjustments. The standard deduction  
34 under this section, as adjusted under chapter 841 is  
35 changed and the following amounts shall apply for tax  
36 years beginning in 1981 or 1982 and shall be the  
37 amounts subject to adjustment for tax years beginning  
38 in 1983 under chapter 841:

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1           A. Single persons, the higher of a low-income  
2           allowance of \$1,700 or 16% of his Maine adjusted  
3           gross income up to a maximum deduction of \$2,400;

4           B. Married persons filing joint returns or a  
5           surviving spouse, the higher of a low-income  
6           allowance of \$2,100 or 16% of Maine adjusted  
7           gross income up to a maximum deduction of \$2,800;  
8           and

9           C. A married person filing a separate return,  
10           the higher of a low-income allowance of \$1,050 or  
11           16% of Maine adjusted gross income up to a maxi-  
12           imum deduction of \$1,400, except that, if either  
13           spouse uses the low-income allowance, both must  
14           use it.

15           Sec. 3. 36 MRSA §5126, as amended by 1982 I.B.  
16           2, §3, is further amended by adding at the end the  
17           following:

18           The personal exemption as adjusted under chapter  
19           841 is changed, and the amount of the personal exemp-  
20           tion for tax years beginning in 1981 or 1982 and sub-  
21           ject to adjustment for tax years beginning 1983 under  
22           chapter 841 is \$1,000.

23           Sec. 4. 36 MRSA §5143-A, sub-§4 is enacted to  
24           read:

25           4. Indexing adjustments. The amount of the  
26           standard deduction, subject to multiplication as pro-  
27           vided in this section, as adjusted under chapter 841,  
28           is changed and the following amounts shall apply for  
29           tax years beginning in 1981 or 1982 and shall be the  
30           amounts subject to adjustment for tax years beginning  
31           in 1983 under chapter 841.

32           A. Single persons, the higher of a low-income  
33           allowance of \$1,700 or 16% of his federal adjust-  
34           ed gross income up to a maximum deduction of

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1           \$2,400;

2           B. Married persons filing joint returns or a  
3           surviving spouse, the higher of low-income allow-  
4           ance of \$2,100 or 16% of federal adjusted gross  
5           income up to a maximum deduction of \$2,800; and

6           C. A married person filing a separate return,  
7           the higher of a low-income allowance of \$1,050 or  
8           16% of federal adjusted gross income up to a  
9           maximum deduction of \$1,400, except that, if  
10           either spouse uses the low-income allowance, both  
11           must use it.

12           The nominal dollar amounts of this section are sub-  
13           ject to annual adjustment under section 5403.

14           Sec. 5. 36 MRSA §5402, sub-§2, as amended by  
15           1982 I.B. 2, §4, is repealed and the following  
16           enacted in its place:

17           2. Percentage adjustment factor. "Percentage  
18           adjustment factor" means 1/2 of the percentage  
19           increase in the Consumer Price Index for the 12-month  
20           period ending June 30th of the calendar year in which  
21           the current taxable year begins over the Consumer  
22           Price Index for the 12-month period ending June 30th  
23           of the immediately preceding year, expressed as a  
24           decimal rounded to the nearest one-thousandth.

25           Sec. 6. 36 MRSA §5403, sub-§3, as enacted by  
26           1982 I.B. 2, §4, is further amended to read:

27           3. Married taxpayers and others filing joint  
28           returns. The inflation factor shall be multiplied by  
29           the dollar bracket amounts, as adjusted under this  
30           chapter in the immediately preceding taxable year,  
31           on the tax rate schedule for married taxpayers and  
32           widows and widowers, filing joint federal returns, up  
33           to and including the dollar bracket amount for tax-  
34           able income not over \$30,000, as adjusted. In addi-  
35           tion, the inflation factor shall be multiplied by the

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1 dollar bracket amount for taxable income of \$30,000,  
2 as adjusted.'

3 STATEMENT OF FACT

4 This amendment adjusts the indexed standard  
5 deduction, personal exemption and tax brackets for  
6 1981 and 1982 and for adjustment for 1983 to counter  
7 the retroactive effect of indexing and permit the  
8 State to retain the income tax revenue which was  
9 originally due for 1981 and 1982 tax years. It makes  
10 technical changes to accomplish the intent of the  
11 indexing measure.

12

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1/14/83 (Filing No. H-5)