

MAINE STATE LEGISLATURE

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(EMERGENCY)

FIRST REGULAR SESSION

ONE HUNDRED AND ELEVENTH LEGISLATURE

Legislative Document

No. 114

H.P. 107

House of Representatives, January 6, 1983

On Motion of Representative Higgins of Portland referred to the
Committee on Taxation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative Webster of Farmington.

Cosponsors: Senator Teague of Somerset, Representative Brown of
Livermore Falls and Representative Jackson of Harrison.

STATE OF MAINE

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

AN ACT to Provide for Tax Credits for
Refunds Due in Tax Years 1981 and 1982
under Tax Indexing.

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

Whereas, the voters at referendum approved a tax
indexing measure which in part calls for the retro-
active adjustment of taxpayers' tax liabilities for
the years 1981 and 1982; and

Whereas, unless modifications are made in the
method employed to refund or adjust taxpayers' tax
liabilities for those tax years, the State will be
put to undue administrative expense and economic dis-
ruption; and

1 Whereas, the enactment of this bill as an emer-
2 gency measure will mitigate these problems; and

3 Whereas, in the judgment of the Legislature,
4 these facts create an emergency within the meaning of
5 the Constitution of Maine and require the following
6 legislation as immediately necessary for the preser-
7 vation of the public peace, health and safety; now,
8 therefore,

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

11 36 MRSA §5131 is enacted to read:

12 §5131. Tax credits under tax indexing

13 1. Legislative findings. The Legislature finds
14 that the adoption by the people at referendum of a
15 tax indexing proposal, made retroactive to tax year
16 1981, requires a substantial recomputation of indi-
17 vidual taxpayers' tax liabilities for tax years 1981
18 and 1982. The effect of this recomputation has been
19 to lower retroactively individual taxpayers' tax lia-
20 abilities to the extent that the State now owes
21 approximately \$32 million in tax refunds or adjust-
22 ments. Because the imposition of this retroactive
23 adjustment in one year would result in serious dis-
24 ruption to the providing of essential services by the
25 State, the Legislature finds that the adoption of a
26 tax credit system, phased in over a 2-year period,
27 will lessen the impact of the tax refund requirement
28 and the administrative cost of mailing refund checks,
29 while still fulfilling the will of the people.

30 2. Tax credit. Except as otherwise provided in
31 this section, an individual taxpayer shall be
32 allowed, for each of the tax years 1981 and 1982, a
33 tax credit against the tax otherwise due for those
34 tax years under this Part in an amount equal to 50%
35 of the refund due him for the tax years 1981 and 1982
36 pursuant to chapter 841, and the retroactive provi-
37 sion of 1982 Initiated Bill 2, section 5, approved by
38 the people November 2, 1982.

39 3. State Tax Assessor to calculate credit
40 due. The State Tax Assessor shall calculate the tax

1 credit due individual taxpayers or their estates
2 under this section and shall make appropriate adjust-
3 ments on the tax returns of individual taxpayers or
4 their estates in accordance with their preferences,
5 or that of their personal representatives, and the
6 provisions of this section.

7 4. Refund or carry forward. An individual tax-
8 payer, including his estate, entitled to a tax credit
9 in accordance with this section may elect to receive
10 a refund only if the amount of the tax credit due him
11 or his estate under this section exceeds his tax lia-
12 bility for the tax year in question or to carry for-
13 ward any unused credit to the next tax year. Any
14 credit carried forward in accordance with this sub-
15 section may be claimed in any of 4 tax years follow-
16 ing the year to which the credit applied. Taxpayers
17 shall express their preference on the disposition of
18 any unused tax credit available under this section on
19 a form to be provided by the State Tax Assessor.

20 5. Persons not filing; former residents. The
21 State Tax Assessor shall identify the names and ad-
22 resses of all individual taxpayers who paid income
23 tax to this State for the 1981 tax year, but who have
24 not filed tax returns for 1982, and taxpayers who
25 filed returns for 1982, but who have not filed tax
26 returns for 1983. Notwithstanding subsection 2, the
27 State Tax Assessor shall make refunds to those tax-
28 payers otherwise entitled to credits under this
29 section, but who would not receive credits because of
30 their failure to file tax returns for the years in
31 which the credits are offered.

32 6. Divorced taxpayers. Taxpayers whose filing
33 statuses have changed between 1981 and 1982, and 1982
34 and 1983 shall be entitled to credits in accordance
35 with their filing statuses during those respective
36 years. In the case of married taxpayers who filed
37 joint returns during either or both 1981 and 1982 and
38 who are now divorced, each taxpayer shall be allowed
39 a credit equal to 1/2 of the amount they would both
40 have been due for the year in question.

41 7. Termination date. Except for the authority
42 to carry forward credit under subsection 4, this
43 section shall be repealed January 1, 1985.

