

# MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION  
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE  
4

5 Legislative Document

No. 1310  
6

7 H.P. 919

House of Representatives, April 16, 1985

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

10 EDWIN H. PERT, Clerk

Presented by Representative Higgins of Scarborough.

11 Cosponsored by Representative Jackson of Harrison, Representative  
McGowan of Canaan and Senator Diamond of Cumberland.

12 STATE OF MAINE  
13

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

17 AN ACT to Amend the Inflation Incrementing  
18 Provision in the Tax Laws.  
19

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

22 Sec. 1. 36 MRSA §5402, as amended by PL 1983, c.  
23 3, §5, is further amended to read:

24 §5402. Definitions

25 As used in this chapter, unless the context indi-  
26 cates otherwise the following terms have the follow-  
27 ing meanings.

28 1. Consumer Price Index. "Consumer Price Index"  
29 means the average over a 12-month period of the Na-  
30 tional Consumer Price Index, not seasonally adjusted,  
31 published monthly by the Bureau of Labor Statistics,  
32 United States Department of Labor designated as the  
33 "National Consumer Price Index for All Urban Consum-  
34 ers- United States City Average."

1           1-A. Base year index. "Base year index" means  
2 the Consumer Price Index for the period July 1, 1983,  
3 through June 30, 1984.

4           2. Percentage adjustment factor. "Percentage ad-  
5 justment factor" means 1/2 of the percentage increase  
6 in the Consumer Price Index for the 12-month period  
7 ending June 30th of the calendar year in which the  
8 current taxable year begins over the Consumer Price  
9 Index for the 12-month period ending June 30th of the  
10 immediately preceding year; base year index expressed  
11 as a decimal rounded to the nearest one-thousandth.

12           3. Inflation factor. "Inflation factor" means  
13 the percentage adjustment factor plus 1. The infla-  
14 tion factor for any taxable year shall not exceed  
15 1.070 a 7% change from the prior year. Thus, in any  
16 year when the increase exceeds 7%, an inflation fac-  
17 tor so limited is to be utilized.

18           Sec. 2. 36 MRSa §5403, as amended by PL 1983, c.  
19 3, §6, is further amended to read:

20           §5403. Annual Adjustments for inflation

21           On or about September 15 of each taxable year,  
22 the State Tax Assessor shall multiply the inflation  
23 factor for that taxable year by the dollar amounts of  
24 both the standard deduction and the personal exemp-  
25 tion as adjusted under this chapter in the immedi-  
26 ately preceding taxable year. The State Tax Assessor  
27 shall also multiply the inflation factor by certain  
28 dollar bracket amounts in the tax rate schedule for  
29 each filing status, as follows:

30           1. Single individuals and married persons filing  
31 separate returns. The inflation factor shall be mul-  
32 tiplied by the dollar bracket amounts, as adjusted  
33 under this chapter in the immediately preceding tax-  
34 able year, on the tax rate schedule for single indi-  
35 viduals and married persons filing separate returns,  
36 up to and including the dollar bracket amount for  
37 taxable income not over \$15,000, as adjusted. In ad-  
38 dition, the inflation factor shall be multiplied by  
39 the dollar bracket amount for taxable income of  
40 \$15,000, as adjusted.

1           2. Heads of household. The inflation factor  
2 shall be multiplied by the dollar bracket amounts, as  
3 adjusted under this chapter in the immediately pre-  
4 ceding taxable year, on the tax rate schedule for un-  
5 married or legally separated taxpayers who qualify as  
6 heads of household, up to and including the dollar  
7 bracket amount for taxable income not over \$22,500,  
8 as adjusted. In addition, the inflation factor  
9 shall be multiplied by the dollar bracket amount for  
10 taxable income of \$22,500, as adjusted.

11           3. Married taxpayers and others filing joint re-  
12 turns. The inflation factor shall be multiplied by  
13 the dollar bracket amounts, as adjusted under this  
14 chapter in the immediately preceding taxable year, on  
15 the tax rate schedule for married taxpayers and wid-  
16 ows and widowers filing joint federal returns, up to  
17 and including the dollar bracket amount for taxable  
18 income over \$30,000, as adjusted. In addition, the  
19 inflation factor shall be multiplied by the dollar  
20 bracket amount for taxable income of \$30,000, as ad-  
21 justed.

22           The dollar amounts of the standard deduction, the  
23 personal exemption and the dollar bracket amounts  
24 listed above, adjusted by application of the infla-  
25 tion factor and rounded to the nearest \$100, shall be  
26 effective for the then current taxable year and shall  
27 be incorporated into the income tax forms and in-  
28 structions of the State Tax Assessor for that taxable  
29 year.

30           If the inflation factor for any taxable year is  
31 ~~1.000~~ or less, no adjustment shall be made for that  
32 taxable year and the dollar amounts of the standard  
33 deduction, personal exemption and the dollar bracket  
34 amounts of the tax rate schedules listed above shall  
35 remain at the prior taxable year's level.

36           Sec. 3. Effective date. This Act shall be effec-  
37 tive for tax years beginning on or after January 1,  
38 1985.

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STATEMENT OF FACT

2           The purpose of this bill is to amend the provi-  
3 sions dealing with annual adjustments for inflation  
4 under the state income tax.

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