

# MAINE STATE LEGISLATURE

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1

L.D. 2315

2

(Filing No. H-704)

3

STATE OF MAINE

4

HOUSE OF REPRESENTATIVES

5

112TH LEGISLATURE

6

SECOND REGULAR SESSION

7

HOUSE AMENDMENT "B" to H.P. 1641, L.D. 2315,  
8 Bill, "AN ACT Making Supplemental Appropriations from  
9 the General Fund to Implement the Recommendations of  
10 the Visiting Committee to the University of Maine and  
11 for Other Purposes for the Fiscal Year Ending June  
12 30, 1987."

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Amend the bill by striking out all of the title  
and inserting in its place the following: AN ACT to  
Make Changes in the Maine Tax Laws and the Provide  
for Appropriations from the General Fund.

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Further amend the bill by striking out everything  
after the title and inserting in its place the fol-  
lowing:

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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 normal 90-day period may not termi-  
nate until after the beginning of the next fiscal  
year; and

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Whereas, it is necessary to make these tax ad-  
justments as soon as possible to avoid losses in po-  
tential revenue; and

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Whereas, this additional revenue is necessary to  
fund the proposed Maine State Budget in fiscal year  
1986-87; and

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

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1 therefore,

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

4 Sec. 1. 36 MRSA §1752, sub-§3-A is enacted to  
5 read:

6 3-A. Food products. "Food products" except as  
7 otherwise provided, includes cereals and cereal  
8 products; milk and milk products, other than candy  
9 and confectionery, but including ice cream; oleomar-  
10 garine; meat and meat products; fish and fish  
11 products; eggs and egg products; vegetables and vege-  
12 table products; fruit and fruit products, including  
13 pure fruit juices; spices, condiments and salt; sugar  
14 and sugar products other than candy and confection-  
15 ery; coffee and coffee substitutes; and tea, cocoa  
16 and cocoa products, other than candy and confection-  
17 ery.

18 "Food products" does not include spirituous, malt or  
19 vinous liquors; soft drinks, sodas or beverages such  
20 as are ordinarily dispensed at bars or soda fountains  
21 or in connection therewith; medicines, tonics, vita-  
22 mins and preparations in liquid, powdered, granular,  
23 tablet, capsule, lozenge or pill form, sold as die-  
24 tary supplements or adjuncts, except when sold on the  
25 prescription of a physician; and water, including  
26 mineral bottled and carbonated waters and ice.

27 Sec. 2. 36 MRSA §1760, sub-§3, as amended by PL  
28 1981, c. 163, §3, is repealed and the following en-  
29 acted in its place:

30 3. Food products. Sales of food products except:

31 A. Meals served on or off the premises of the  
32 retailer;

33 B. Drinks or food furnished, prepared or served

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1 for consumption at tables, chairs or counters, or  
2 from trays, glasses, dishes or other tableware  
3 provided by the retailer;

4 C. Those products which ordinarily are sold by  
5 the retailer for immediate consumption on or near  
6 the location of the retailer, even though the  
7 products are sold on a "take out" or "to go" or-  
8 der and are actually packaged or wrapped and  
9 taken from the premises;

10 D. Those made from a retail location from which  
11 food ordinarily is sold for consumption without  
12 further preparation or storage, even though the  
13 products are packaged or wrapped in bulk quanti-  
14 ties; and

15 E. Sales of heated food or drinks; sandwiches;  
16 ice cream or ice milk in a cone or cup, including  
17 sundaes, sodas, frappes and the like, ice cream  
18 or ice milk novelties and popsicles.

19 Sec. 3. 36 MRSA §2511, as amended by PL 1983, c.  
20 479, §1, is repealed.

21 Sec. 4. 36 MRSA §2512, as repealed and replaced  
22 by PL 1973, c. 727, §3, is amended to read:

23 §2512. Annual returns to Superintendent of Insurance

24 Every domestic life insurance company shall in-  
25 clude in its annual return to the Superintendent of  
26 Insurance a statement of the amount of premiums and  
27 annuity considerations liable to taxation as provided  
28 in section ~~2511~~ 2513, and of the real estate held by  
29 it on the 31st day of the previous December, showing  
30 in detail the amount of all premiums including annuity  
31 considerations whether in cash or notes absolutely  
32 payable, received by ~~said~~ the company from residents  
33 of this State during the preceding calendar year and  
34 all dividends paid to policyholders in this State on  
35 account of ~~said~~ the premiums or annuity considera-

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1 tions as required by blanks furnished by the superin-  
2 tendent. The taxes provided by section ~~2511~~ 2513  
3 shall be paid as provided in section 2521-A, and ~~said~~  
4 this section and section 2518 shall be applicable  
5 thereto.

6 Sec. 5. 36 MRSA §2513, as amended by PL 1973, c.  
7 727, §4, is further amended to read:

8 §2513. Tax on premiums and annuity considerations

9 Every insurance company or association which does  
10 business or collects premiums or assessments includ-  
11 ing annuity considerations in the State, except those  
12 mentioned in ~~sections 2511 and section~~ 2517, includ-  
13 ing surety companies and companies engaged in the  
14 business of credit insurance or title insurance,  
15 shall, for the privilege of doing business in this  
16 State, and in addition to any other taxes imposed for  
17 such privilege pay a tax upon all gross direct premi-  
18 ums including annuity considerations, whether in cash  
19 or otherwise, on contracts written on risks located  
20 or resident in the State for insurance of life, annu-  
21 ity, fire, casualty and other risks at the rate of 2%  
22 a year.

23 Sec. 6. 36 MRSA §2514, as amended by PL 1975, c.  
24 641, is further amended to read:

25 §2514. Applicability of provisions

26 Sections ~~2511~~; 2512 and 2513 shall not apply to  
27 the taxation of any annuity consideration on any an-  
28 nuity contract issued prior to August 1, 1943. Sec-  
29 tions ~~2511~~; 2512 and 2513 shall not apply to any pre-  
30 mium from an insurance contract, which premium is re-  
31 ceived prior to October 1, 1969, or any considera-  
32 tion, regardless of when received, from any retire-  
33 ment annuity contracts issued by an insurance or an-  
34 nuity company organized and operated without profit  
35 to any private shareholder or individual exclusively  
36 for the purpose of aiding nonproprietary educational

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1 and scientific institutions pursuant to a retirement  
2 program established under section 403 (b) of the  
3 United States Internal Revenue Code. Premiums or  
4 considerations received from life insurance policies  
5 or annuity contracts issued in connection with the  
6 funding of a pension, annuity or profit-sharing plan  
7 or individual retirement account or annuity qualified  
8 or exempt under sections 401, 403, 404, 408 or 501 of  
9 the United States Internal Revenue Code as now or  
10 hereafter amended or renumbered from time to time,  
11 shall be exempt from tax.

12 Sec. 7. 36 MRSA §2515 is amended to read:

13 §2515. Amount of tax

14 In determining the amount of tax due under ~~sec-~~  
15 ~~tions 2511 and section~~ 2513, there shall be deducted  
16 by each company from the full amount of gross direct  
17 premiums, the amount of all direct return premiums  
18 thereon, and all dividends paid to policyholders on  
19 direct premiums and the tax shall be computed by said  
20 companies or their agents.

21 Sec. 8. 36 MRSA §2516 is enacted to read:

22 §2516. Credit against tax

23 For tax years beginning on or after January 1,  
24 1986, there shall be allowed as a credit against the  
25 amount of tax due pursuant to sections 2511, 2517,  
26 2520 and 2523, the tax year end book value of invest-  
27 ments held for more than 9 months of the taxable year  
28 in securities, bonds or other obligations of the  
29 State or any political subdivisions of the State, in-  
30 cluding any agencies of the State. The maximum credit  
31 allowable pursuant to this section may not exceed an  
32 amount which would reduce the effective tax rate as  
33 determined by sections 2511, 2517, 2520 and 2523 be-  
34 low 1.3%.

35 Sec. 9. 36 MRSA §2523, sub-§1, as enacted by PL

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1 1983, c. 479, §3, is repealed and the following en-  
2 acted in its place:

3 1. Tax on insurance companies. Every insurance  
4 company or association which does business or col-  
5 lects premiums or assessments for workers' compensa-  
6 tion insurance in this State shall, for the privilege  
7 of doing business in this State and in addition to  
8 any other taxes imposed for that privilege, pay a tax  
9 of 2% upon all gross direct premiums written, whether  
10 in cash or in notes absolutely payable on contracts  
11 written on risks located or resident in the State for  
12 workers' compensation insurance, less return premiums  
13 thereon and less all dividends paid to policyholders.

14 The tax levied under this section is in lieu of the  
15 taxes levied under section 2513, insofar as those  
16 taxes are based on workers' compensation insurance  
17 premiums.

18 Sec. 10. 36 MRSA §3636, as amended by PL 1983,  
19 c. 480, Pt. A, §53, is repealed and the following en-  
20 acted in its place:

21 §3636. Settlement required

22 The tax on all property and interests in property  
23 coming to beneficiaries from the estate of a person  
24 whose date of death is prior to July 1, 1986, shall  
25 be due on March 30, 1987, or the date specified in  
26 section 3681, whichever comes first. The tax due  
27 shall be payable by the personal representative or  
28 trustee in office or, if there is no personal repre-  
29 sentative or trustee, by the person having an inter-  
30 est in the property. The tax due in the estate shall  
31 be based on the value of the property subject to tax  
32 as of June 30, 1986, or as compromised as provided by  
33 section 3635.

34 Sec. 11. 36 MRSA c. 704 is enacted to read:

35 CHAPTER 704





1           7. Sale. "Sale" means any transfer, exchange,  
2 barter or gift in any manner or by any means whatso-  
3 ever, for a consideration. It shall include a gift  
4 for advertising by a person engaged in the business  
5 of selling tobacco products.

6           8. Subjobber. "Subjobber" means any person oth-  
7 er than a manufacturer or distributor who buys from a  
8 distributor tobacco products upon which a tax imposed  
9 by this chapter has been paid and sells them to per-  
10 sons other than the ultimate consumers.

11           9. Tobacco products. "Tobacco products" means  
12 cigars; cheroots; stogies; periques' granulated, plug  
13 cut, crimp cut, ready rubbed, and other smoking to-  
14 bacco; buff; snuff; flour; cavendish; plug and twist  
15 tobacco; finecut and other chewing tobaccos; shorts;  
16 refuse scraps, clippings, cuttings and sweepings of  
17 tobacco; and other kinds and forms of tobacco, pre-  
18 pared in such manner as to be suitable for chewing or  
19 smoking in a pipe or otherwise, or both for chewing  
20 and smoking; but shall not include tobacco products  
21 which are subject to the tax provided by chapter 703.

22           10. Unclassified importer. "Unclassified im-  
23 porter" means any person, firm, corporation or asso-  
24 ciation within this State, other than a distributor,  
25 as defined, who shall import, receive or acquire from  
26 without the State, tobacco products for use or con-  
27 sumption within the State.

28           11. Wholesale sales price. "Wholesale sales  
29 price" means the established price for which a manu-  
30 facturer sells tobacco products to a distributor, ex-  
31 clusive of any discount or other reduction.

32           §4402. Licenses

33           Every person engaging in the business of selling  
34 tobacco products as a distributor shall secure a li-  
35 cence from the tax assessor before engaging in that

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1 business. Every license application shall be made on  
2 a form prescribed by the tax assessor and shall state  
3 the name and address of the applicant, address of his  
4 principal place of business, and such other informa-  
5 tion as the tax assessor may require for the proper  
6 administration of this chapter. The application  
7 shall be accompanied by a fee of \$25, except that  
8 there shall be no fee required for distributors or  
9 unclassified importers licensed under chapter 703. A  
10 person without the State who ships or transports to-  
11 bacco products to retailers in this State shall make  
12 application as a distributor and be granted by the  
13 tax assessor a license subject to all the provisions  
14 of this chapter and agree, upon applying for a li-  
15 cence, to submit his books, accounts and records to  
16 examination by the Bureau of Taxation during reason-  
17 able business hours, and to accept service of process  
18 by mail when service is made in any proceeding in-  
19 volving enforcement of this chapter.

20 Each unclassified importer before importing, re-  
21 ceiving or acquiring tobacco products from without  
22 the State shall secure a license from the tax asses-  
23 sor. There shall be no fee for that license.

24 Each license issued shall expire on July 31st of  
25 each year unless sooner revoked by the tax assessor.  
26 The license shall be prominently displayed on the  
27 premises covered by the license and no license may be  
28 transferred to any other person.

29 The tax assessor may revoke or suspend the li-  
30 cence or licenses of any person for violation of this  
31 chapter applicable to the sale of tobacco products.  
32 No license may be revoked, canceled or suspended un-  
33 til after notice and hearing by the tax assessor.

34 §4403. Tax on tobacco products

35 A tax is imposed on all tobacco products at the  
36 rate of 25% of the wholesale sales price. The tax  
37 shall be imposed at the time the distributor or un-

1 classified importer brings or causes to be brought  
2 into this State tobacco products that are for sale to  
3 consumers or to retailers or for use or at the time  
4 tobacco products are manufactured or fabricated in  
5 this State for sale in this State.

6 The tax imposed on tobacco products does not ap-  
7 ply to those products exported from this State or to  
8 any tobacco products which under laws of the United  
9 States may not be subject to taxation by this State.

10 §4404. Returns; payment of tax and penalty

11 Every distributor, or unclassified importer shall  
12 on or before the last day of each month render, on  
13 forms to be furnished by the tax assessor, a report  
14 together with payment of the tax due under this chap-  
15 ter to the tax assessor stating the quantity and the  
16 wholesale sale price of all tobacco products held,  
17 purchased, manufactured, brought in or caused to be  
18 brought in from without the State or shipped or  
19 transported to retailers within the State during the  
20 preceding calendar month. Every distributor or un-  
21 classified importer shall keep a complete and accu-  
22 rate record at his principal place of business to  
23 substantiate all receipts of tobacco products; this  
24 record shall be preserved for a period of 2 years in  
25 such manner as to insure permanency and accessibility  
26 for inspection.

27 Such monthly reports shall contain such further  
28 information as the tax assessor shall prescribe and  
29 shall show a credit for any tobacco products exempted  
30 as provided in section 4403. Records shall be main-  
31 tained to substantiate the exemption. Tobacco  
32 products previously taxed which are returned to a  
33 manufacturer because the product has become unfit for  
34 use of consumption or unsalable may be taken as a  
35 credit on a subsequent return upon receipt of the  
36 credit notice from the original supplier.

37 If the monthly report required by this chapter is

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1 not filed, or payment is not rendered by the last day  
2 of the month the distributor or unclassified importer  
3 shall be liable to a penalty of \$1 a day for each day  
4 in arrears or 10% of the tax liability, whichever is  
5 the greater, together with interest at the rate of 1%  
6 per month or fraction thereof due on demand by the  
7 tax assessor, and recoverable in a civil action. The  
8 tax assessor may waive the penalty for cause.

9 §4405. The tax assessor may estimate liability

10 Whenever any distributor or unclassified importer  
11 shall neglect or refuse to make and file any report  
12 required by this chapter or shall file an incorrect  
13 or fraudulent report, the tax assessor shall from such  
14 information as he may obtain fix the amount of taxes,  
15 penalties and interest payable and forthwith proceed  
16 to collect the amount so fixed.

17 In any action or proceeding for collection of the  
18 tobacco products tax, any penalties and interest im-  
19 posed in connection with an assessment by the tax as-  
20 essor of the tax, penalty or interest due the State  
21 shall constitute prima facie evidence of the claim of  
22 the State. The burden of proof shall be upon the  
23 distributor or unclassified importer to show that the  
24 assessment was incorrect and contrary to law.

25 §4406. Inspection of records; civil action for tax

26 The tax assessor or his duly authorized agents  
27 shall have authority during reasonable business hours  
28 to examine the records, books, papers and any other  
29 records of the distributor, unclassified importer,  
30 retailer or subjobber to verify the truth and accura-  
31 cy of any statement, report or return and whether the  
32 tax imposed by this chapter has been fully paid.

33 The tax assessor shall have the power to recom-  
34 mend legal proceedings by the Attorney General for  
35 the purpose of ascertaining the amount due under this  
36 chapter and enforcing the collection of tax, penal-

1 ties and interest thereof.

2 §4407. Appeal procedure

3 Any person aggrieved by any action under this  
4 chapter because of license suspension or revocation  
5 or because of assessment of tax, penalty or interest  
6 may apply to the tax assessor, in writing, within 10  
7 days after notice of action is delivered or mailed,  
8 requesting a hearing and setting forth the reason why  
9 such hearing should be granted and the manner of re-  
10 lief sought. The tax assessor shall promptly consid-  
11 er such application and may grant or deny the hearing  
12 request. If the hearing is denied the applicant  
13 shall be promptly notified in writing of the reasons  
14 for the denial; if it is granted the tax assessor  
15 shall notify the applicant of the time and place  
16 fixed for such hearing. After the hearing the tax  
17 assessor may make such order as may appear just and  
18 lawful and shall furnish a copy of the order to the  
19 applicant. The tax assessor may, by notice in writ-  
20 ing, at any time, order a hearing and require the  
21 taxpayer or any other individual whom the tax asses-  
22 sor believes to be in possession of information con-  
23 cerning the manufacture, importation or sale of to-  
24 bacco products which have escaped taxation to appear  
25 before the tax assessor with any books, accounts, pa-  
26 pers or other documents for examination relative  
27 thereto.

28 Any person aggrieved because of any action or de-  
29 cision of the tax assessor under this chapter may ap-  
30 peal therefrom within 20 days to the Superior Court.  
31 No less than 14 days before the review by the court  
32 the appellant shall serve upon the tax assessor or  
33 his duly authorized agent a copy of the petition  
34 stating the reason for the appeal and notifying the  
35 tax assessor when the appeal is to be heard. Pending  
36 judgment of the court the decision of the tax asses-  
37 sor shall remain in full force and effect.

38 §4408. Penalties; civil action for tax

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1           Any person who shall willfully make any false or  
2 fraudulent report or return required by this chapter,  
3 or who shall make any false statement in any claim or  
4 invoices presented to the tax assessor or who shall  
5 knowingly present to the tax assessor any claim or  
6 invoice containing any false statements, or who shall  
7 with intent to defraud, evade or violate any provi-  
8 sions of this chapter, or any rules duly made under  
9 this chapter, or who shall engage in the State in  
10 business as a distributor, without being the holder  
11 of a valid license to engage in that business commits  
12 a civil violation for which a fine not exceeding  
13 \$2,000 may be assessed, payable to the State. When-  
14 ever any person fails to pay any tax, interest or  
15 penalty due under this chapter within 15 days of de-  
16 mand, the Attorney General shall enforce payment  
17 thereof in a court of appropriate jurisdiction. In  
18 any civil action, records of the quantity of tobacco  
19 products held, purchased, manufactured, brought in or  
20 caused to be brought in from without the State or  
21 shipped or transported to retailers within this State  
22 for the period covered by the tax assessor's audit  
23 shall be prima facie evidence of such quantities  
24 sold, distributed or used during the period covered  
25 by the audit on which the tax with interest from the  
26 date when it was due, shall be computed and collected  
27 and for which amount, with costs, judgment shall be  
28 rendered.

29       §4409. Claims

30           The claims of the State for the sums due under  
31 this chapter shall be preferred and priority claims  
32 in the event of assignment, receivership or bankrupt-  
33 cy.

34           Sec. 12. 36 MRSA §4641-B, last ¶, as enacted by  
35 PL 1985, c. 381, §2, is repealed and the following  
36 enacted its place:

37           The State Tax Assessor shall pay all net receipts

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1 to the Treasurer of State. The Treasure of State  
2 shall transfer \$2,500,000 in fiscal year 1985-86 and  
3 \$2,100,000 in fiscal year 1986-87 and succeeding  
4 years to the Maine State Housing Authority which  
5 shall deposit the funds in the Housing Opportunities  
6 for Maine Fund created in Title 30, section 4733. The  
7 remainder shall be deposited in the General Fund.

8 Sec. 13. 36 MRSA §5102, sub-§1-C is enacted to  
9 read:

10 1-C. Maine adjusted gross income. "Maine ad-  
11 justed gross income" has the following meanings.

12 A. "Maine adjusted gross income" means, for a  
13 resident individual, the federal adjusted gross  
14 income of that individual, as modified by section  
15 5122.

16 B. "Maine adjusted gross income" means, for a  
17 nonresident individual, that part of his federal  
18 adjusted gross income derived from sources within  
19 this State, as determined under section 5142.

20 Sec. 14. 36 MRSA §5102, sub-§6, as amended by PL  
21 1983, c. 842, §1, is further amended to read:

22 6. Corporation. "Corporation" means any business  
23 entity subject to income taxation as a corporation  
24 under the laws of the United States, excepting corpo-  
25 rations subject to tax under sections ~~2511~~ 2512 to  
26 2522 and section 5206.

27 Sec. 15. 36 MRSA §5111, first ¶, as repealed and  
28 replaced by PL 1985, c. 535, §14, is amended to read:

29 For tax years beginning on or after January 1,  
30 1985, a tax is imposed for each taxable year on the  
31 entire taxable income of every resident individual of  
32 this State and ~~on the taxable income of every nonres-~~  
33 ~~ident individual which is derived from seources within~~  
34 ~~this State.~~ The amount of the tax shall be determined

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1 in accordance with the following tables.

2 Sec. 16. 36 MRSA §5111, sub-§4 is enacted to  
3 read:

4 4. Nonresident individuals. A tax is imposed  
5 upon the Maine income of every nonresident individu-  
6 al. The amount of the tax shall be equal to the tax  
7 computed under this section and chapter 805 as if the  
8 nonresident were a resident, less applicable tax  
9 credits other than that provided by section 5127,  
10 subsection 1, and multiplied by the ratio of his  
11 Maine adjusted gross income, as defined in section  
12 5102, subsection 1-C, paragraph B, to his entire fed-  
13 eral adjusted gross income, as modified by section  
14 5122.

15 Sec. 17. 36 MRSA §5127, sub-§1, as repealed and  
16 replaced by PL 1983, c. 571, §22, is amended to read:

17 1. Income tax paid to other taxing jurisdiction.  
18 A resident individual is allowed a credit against the  
19 tax otherwise due under this Part for the amount of  
20 income tax imposed on him for the taxable year by an-  
21 other state of the United States, a political subdivi-  
22 sion thereof, the District of Columbia or any poli-  
23 tical subdivision of a foreign country which is  
24 analogous to a state of the United States with re-  
25 spect to income derived from sources therein which is  
26 also subject to tax under this Part. The credit for  
27 any of the specified taxing jurisdictions, shall not  
28 exceed the proportion of the tax otherwise due under  
29 this Part that the amount of the taxpayer's Maine ad-  
30 justed gross income derived from sources in that tax-  
31 ing jurisdiction bears to his entire Maine adjusted  
32 gross income as modified by this Part; provided that,  
33 when a credit is claimed for taxes paid to both a  
34 state and a political subdivision thereof, the total  
35 credit allowable for those taxes shall not exceed the  
36 proportion of the tax otherwise due under this Part  
37 that the amount of the taxpayer's Maine adjusted  
38 gross income derived from sources in ~~that~~ the other



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1 state bears to his entire Maine adjusted gross income  
2 ~~as modified by this Part.~~

3 Sec. 18. 36 MRSA §5140, as enacted by P&SL 1969,  
4 c. 154, §F, is repealed.

5 Sec. 19. 36 MRSA §5141, as enacted by P&SL 1969,  
6 c. 154, §F, is repealed.

7 Sec. 20. 36 MRSA §5143-A, as amended by PL 1983,  
8 c. 3, §4, is repealed.

9 Sec. 21. 36 MRSA §5144-A, as enacted by PL 1979,  
10 c. 711, Pt. H, §4, is repealed.

11 Sec. 22. 36 MRSA §5145, as amended by PL 1979,  
12 c. 711, Pt. H, §5, is repealed.

13 Sec. 23. 36 MRSA §5146, as enacted by PL 1977,  
14 c. 424, §2, is repealed.

15 Sec. 24. 36 MRSA §5160, as enacted by P&SL 1969,  
16 c. 154, §F, is repealed and the following enacted in  
17 its place:

18 §5160. Imposition of tax

19 The tax is imposed, at the rates provided by sec-  
20 tion 5111 for resident individuals, upon the taxable  
21 income of estates and trust. The tax shall be paid by  
22 the fiduciary.

23 Sec. 25. 36 MRSA §5161, as enacted by P&SL 1969,  
24 c. 154, §F, is repealed.

25 Sec. 26. 36 MRSA §5166, as enacted by P&SL 1969,  
26 c. 154, §F, is repealed.

27 Sec. 27. 36 MRSA §5177, as enacted by P&SL 1969,  
28 c. 154, §F, is repealed.

29 Sec. 28. 36 MRSA §5192, sub-§2, as enacted by

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1 P&SL 1969, c. 154, §F, is amended to read:

2 2. Itemized deductions. If a nonresident partner  
3 of any partnership elects to itemize his deductions  
4 in determining his ~~taxable income in tax liability to~~  
5 this State, there shall be attributed to him his dis-  
6 tributive share of partnership items of deduction  
7 from federal adjusted gross income ~~which are deduct-~~  
8 ~~ible by him under section 5144.~~

9 Sec. 29. 36 MRSA §5200, as repealed and replaced  
10 by PL 1983, c. 477, Pt. F, Subpt. 3, §1, is amended  
11 to read:

12 §5200. Imposition and rate of tax

13 A tax is imposed upon the Maine net income of  
14 taxable corporations for each taxable year at the  
15 following rates:

16	If the Maine net income is:	The tax is:
17	Not over \$25,000	3.5% of Maine net income
18	\$25,000 but not over \$75,000	\$875 plus 7.93% of
19		excess over \$25,000
20	\$75,000 but not over \$250,000	\$4,840 plus 8.33% <u>9.4%</u>
21		of
22		excess over \$75,000
23	\$250,000 or more	\$19,417 plus 8.93% <u>10.8%</u> of
24		excess over \$250,000

25 Sec. 30. 36 MRSA §5214-A is enacted to read:

26 §5214-A. Credit to beneficiary for accumulation dis-  
27 tribution

28 1. General. A beneficiary of a trust whose ad-  
29 justed gross income includes all or part of an accu-  
30 mulation distribution by such trust, as defined in

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1 the United States Internal Revenue Code, Section 665,  
2 or its equivalent, shall be allowed a credit against  
3 the tax otherwise due under this Part for all or a  
4 proportionate part of any tax paid by the trust under  
5 this Part for any preceding taxable year which would  
6 not have been payable if the trust had in fact made  
7 distribution to its beneficiaries at the times and in  
8 the amounts specified in the United States Internal  
9 Revenue Code, Section 666, or its equivalent.

10 2. Limitation on credit. The credit under this  
11 section shall not reduce the tax otherwise due from  
12 the beneficiary under this Part to an amount less  
13 than would have been due if the accumulation distri-  
14 bution or his part of the accumulation distribution  
15 were excluded from his adjusted gross income.

16 Sec. 31. 36 MRSA §5220, first ¶, as enacted by  
17 P&SL 1969, c. 154, §7, is amended to read:

18 An income tax return with respect to the tax im-  
19 posed by this Part shall be made, on such forms as  
20 may be required by the State Tax Assessor, by the  
21 following:

22 Sec. 32. 36 MRSA §5220, sub-§2, as amended by PL  
23 1979, c. 711, Pt. H, §6, is further amended to read:

24 2. Nonresident individuals. Every nonresident  
25 individual who has taxable income for the year from  
26 sources within this State: :

27 A. Who has adjusted gross income from sources in  
28 this State of more than \$1,000 if single and  
29 \$2,000 if married; or

30 B. Who having attained the age of 65 before the  
31 close of his taxable year has adjusted gross in-  
32 come from sources within this State of more than  
33 \$2,000 if single and more than \$3,000 if married  
34 and his spouse has not yet attained the age of 65  
35 and more than \$4,000 if both have attained the

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1 age of 65 before the close of the taxable year;

2 Sec. 33. 36 MRSA §5221, sub-§1, ¶C, as enacted  
3 by P&SL 1969, c. 154, §F, is amended to read:

4 C. If Except as provided in subsection 2, if the  
5 federal income tax liabilities of husband and  
6 wife, other than a husband and wife described in  
7 subsection 2, are determined on a joint federal  
8 return, they shall file a joint return under this  
9 Part and their tax liabilities shall be joint and  
10 several.

11 Sec. 34. 36 MRSA §5221, sub-§2, as enacted by  
12 P&SL 1969, c. 154, §F, is repealed and the following  
13 enacted in its place:

14 2. Nonresidents. If both husband and wife are  
15 nonresidents and one has no Maine-source income, the  
16 spouse having Maine-source income shall file a separ-  
17 ate Maine nonresident income tax return, as a single  
18 individual, in which event his tax liability shall be  
19 separate; but they may elect to determine their joint  
20 taxable income as nonresidents, in which case their  
21 liabilities shall be joint and several.

22 If either husband or wife is a resident and the other  
23 is a nonresident, they shall file separate Maine in-  
24 come tax returns as single individuals, in which  
25 event their tax liabilities shall be separate; but  
26 they may elect to determine their joint taxable in-  
27 come as if both were residents and, in that case,  
28 their liabilities shall be joint and several.

29 Sec. 35. 36 MRSA §5224-A, as enacted by PL 1979,  
30 c. 711, Pt. H, §8, is repealed and the following en-  
31 acted in its place:

32 §5224-A. Return of part-year resident

33 If an individual changes his status as a resident  
34 individual or nonresident individual during his tax-



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1	countant, one com-	
2	puter systems ana-	
3	lyst and one comput-	
4	er programmer ana-	
5	lyst for tax en-	
6	forcement and one	
7	Clerk IV for admin-	
8	istration of tobacco	
9	products tax.	
10	<u>CORRECTIONS, DEPARTMENT OF</u>	
11	Fuel - Corrections	
12	All Other	\$(123,800)
13	<u>DEFENSE AND VETERANS' SER-</u>	
14	<u>VICES, DEPARTMENT OF</u>	
15	Military Training and	
16	Operations	
17	All Other	\$(67,250)
18	<u>FINANCE AND ADMINISTRATION,</u>	
19	<u>DEPARTMENT OF</u>	
20	Buildings and Grounds	
21	Operations	
22	All Other	\$(156,500)
23	<u>MENTAL HEALTH AND MENTAL</u>	
24	<u>RETARDATION, DEPARTMENT OF</u>	
25	Fuel for Institutions -	
26	Mental Health and Mental	
27	Retardation	
28	All Other	\$(152,450)
29	Deappropriates funds	
30	no longer necessary	
31	because of the drop	
32	in petroleum prices	
33	and the decrease in	
34	usage because of en-	







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