

MAINE STATE LEGISLATURE

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(EMERGENCY)
FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 1

H.P. 1 House of Representatives, December 3, 1986

Reference to the Joint Select Committee on Taxation
suggested and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative Cashman of Old Town.
Cosponsored by Representative Mayo of Thomaston.

STATE OF MAINE

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

AN ACT Providing Conformity with the United
States Internal Revenue Code under the
Maine Income Tax Law for 1986.

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

Whereas, the 90-day period would delay the pro-
curement and processing of 1986 income tax returns;
and

Whereas, legislative action is necessary before
January 1, 1987, in order to ensure continued and ef-
ficient administration of the Maine income tax law;
and

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-

1 vation of the public peace, health and safety; now,
2 therefore,

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

5 Sec. 1. 5 MRS.A §1514 is enacted to read:

6 §1514. Tax Adjustment Reserve Fund

7 1. Tax Adjustment Reserve Fund established.
8 There is established a Tax Adjustment Reserve Fund
9 which shall be maintained for the exclusive purpose
10 of mitigating the impact of changes in individual and
11 corporate income tax collections by the state occur-
12 ring as a consequence of the State's conformity to
13 the provisions of the Internal Revenue Code of 1986.

14 2. Transfers to the Tax Adjustment Reserve Fund.
15 Notwithstanding any other provision of law, the State
16 Controller shall transfer to the Tax Adjustment Re-
17 serve Fund, without deductions, that portion of un-
18 dedicated General Fund revenues which is jointly cer-
19 tified by the State Budget Officer and the State Tax
20 Assessor to be directly attributable to increased
21 corporate or individual income tax collections re-
22 sulting from conformity to the Internal Revenue Code
23 of 1986.

24 3. Investment earnings on fund deposited in the
25 Tax Adjustment Reserve Fund. Funds transferred to
26 the Tax Adjustment Reserve Fund shall be invested by
27 the Treasurer of State in accordance with applicable
28 provisions of law and all earnings on these funds
29 shall be credited to the fund.

30 Sec. 2. 36 MRS.A §5102, sub-§11, as amended by PL
31 1985, c. 536, is further amended to read:

32 11. Other terms. Any other term used in this
33 Part has the same meaning as when used in a compara-
34 ble context in the laws of the United States relating
35 to federal income taxes, unless a different meaning
36 is clearly required. Any reference in this Part to
37 the laws of the United States shall be construed as a
38 reference to the provisions of the United States In-

1 ternal Revenue Code of 1954, and amendments thereto
2 and other provisions of the laws of the United States
3 relating to federal income taxes as of December 31,
4 1985. This subsection shall be effective as to items
5 of income, deductions, loss or gain accruing in tax-
6 able years ending on or after January 1, 1985, but
7 only to the extent that those items have been earned,
8 received, incurred or accrued on or after that effec-
9 tive date. Notwithstanding other provisions of this
10 subsection, for taxable years ending in 1981 and
11 1982, any reference in this Part to the laws of the
12 United States shall be construed as a reference to
13 the provisions of the United States Internal Revenue
14 Code of 1954, and amendments thereto and other provi-
15 sions of the laws of the United States relating to
16 federal income taxes as of December 31, 1981 for
17 items of income, deductions, loss or gain earned, in-
18 curred or accrued within those taxable years. Not-
19 withstanding other provisions of this subsection, for
20 taxable years ending in 1983, any reference in this
21 Part to the laws of the United States shall be con-
22 strued as a reference to the provisions of the United
23 States Internal Revenue Code of 1954, and amendments
24 thereto and other provisions of the laws of the
25 United States relating to federal income taxes as of
26 January 31, 1983 for items of income, deductions,
27 loss or gain earned, incurred or accrued within those
28 taxable years. Notwithstanding other provisions of
29 this subsection, for taxable years ending in 1984,
30 any reference in this Part to the laws of the United
31 States shall be construed as a reference to the
32 United States Internal Revenue Code of 1954 and
33 amendments to that Code and other provisions of the
34 laws of the United States relating to federal income
35 taxes as of September 1, 1984, for items of income,
36 deductions, loss or gain earned, incurred or accrued
37 within those taxable years. Notwithstanding other
38 provisions of this subsection, for taxable years end-
39 ing in 1986, any reference in this part to the laws
40 of the United States shall be construed as a refer-
41 ence to the United States Internal Revenue Code of
42 1986 and amendments to that code and other provisions
43 of the laws of the United States relating to federal
44 income taxes as of December 1, 1986, for items of in-
45 come, deductions, loss or gain earned, incurred or
46 accrued within those taxable years.

