

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 1197

H.P. 896 House of Representatives, April 9, 1987
Reference to the Committee on Taxation suggested and
ordered printed.

EDWIN H. PERT, Clerk
Presented by Representative HIGGINS of Scarborough.
Cosponsored by Representatives BAILEY of Farmington,
HANLEY of Paris and CASHMAN of Old Town.

STATE OF MAINE

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

1 AN ACT to Amend the Inflation Incrementing
2 Provision in the Tax Laws.
3

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

6 Sec. 1. 36 MRSA §5402, as amended by PL 1983, c.
7 3, §5, is further amended to read:

8 §5402. Definitions

9 As used in this chapter, unless the context indi-
10 cates otherwise, the following terms have the follow-
11 ing meanings.

12 1. Consumer Price Index. "Consumer Price Index"
13 means the average over a 12-month period of the Na-
14 tional Consumer Price Index, not seasonally adjusted,

1 published monthly by the Bureau of Labor Statistics,
2 United States Department of Labor designated as the
3 "National Consumer Price Index for All Urban Consum-
4 ers- United States City Average."

5 1-A. Base year index. "Base year index" means
6 the Consumer Price Index for the period July 1, 1983,
7 through June 30, 1984.

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

17 3. Inflation factor. "Inflation factor" means
18 the percentage adjustment factor plus 1. The infla-
19 tion factor for any taxable year shall not exceed
20 ±-070 a 7% change from the prior year. In any year
21 when the change exceeds 7%, an inflation factor so
22 limited shall be utilized.

23 **Sec. 2. 36 MRSA §5403, as amended by PL 1983, c.**
24 **3, §6, is further amended to read:**

25 §5403. Annual adjustments for inflation

26 On or about September 15 15th of each taxable
27 year, the State Tax Assessor shall multiply the in-
28 flation factor for that taxable year by the dollar
29 amounts of both the standard deduction and the per-
30 sonal exemption ~~as adjusted under this chapter in the~~
31 ~~immediately--preceding--taxable--year.~~ The State Tax
32 Assessor shall also multiply the inflation factor by
33 certain dollar bracket amounts in the tax rate sched-
34 ule for each filing status, as follows:

35 1. Single individuals and married persons filing
36 separate returns. The inflation factor shall be mul-
37 tiplied by the dollar bracket amounts, ~~as adjusted~~
38 ~~under this chapter in the immediately preceding tax-~~
39 ~~able--year,~~ on the tax rate schedule for single indi-
40 viduals and married persons filing separate returns,

1 up to and including the dollar bracket amount for
2 taxable income not over \$15,000, as adjusted. In ad-
3 dition, the inflation factor shall be multiplied by
4 the dollar bracket amount for taxable income of
5 \$15,000, as adjusted.

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

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

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

35 ~~If the inflation factor for any taxable year is~~
36 ~~1.000 or less, no adjustment shall be made for that~~
37 ~~taxable year and the dollar amounts of the standard~~
38 ~~deduction, personal exemption and the dollar bracket~~
39 ~~amounts of the tax rate schedules listed above shall~~
40 ~~remain at the prior taxable year's level.~~

41 **Sec. 3. Effective date.** This Act shall be effec-
42 tive for tax years beginning on or after January 1,
43 1987.

1
2
3
4
5

STATEMENT OF FACT

The purpose of this bill is to amend the provisions dealing with annual adjustments for inflation under the state income tax.

1804011287