

MAINE STATE LEGISLATURE

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(Governor's Bill)
FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 1413

H.P. 1050 House of Representatives, May 4, 1987
Reference to the Committee on Taxation suggested and
ordered printed.

EDWIN H. PERT, Clerk
Presented by Representative CASHMAN of Old Town.
Cosponsored by Representative JACKSON of Harrison,
Senators TWITCHELL of Oxford and MAYBURY of Penobscot.

STATE OF MAINE

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

1 AN ACT to Return to Maine Income Taxpayers
2 the Additional Tax Payments Associated
3 with Conformity to the United States
4 Internal Revenue Code of 1986 for Tax
5 Year 1987.
6

7 Be it enacted by the People of the State of Maine as
8 follows:

9 Sec. 1. 5 MRSA §1514, sub-§4 is enacted to read:

10 4. Fund adjustments. Adjustments to the fund
11 shall be as follows.

12 A. A transfer from this fund to the General Fund
13 to offset the loss of revenue attributable to
14 taxable income adjustments for individuals, for

1 the tax year 1987, is required prior to June 30,
2 1989, in the amount of \$4,000,000.

3 B. There shall be no certification under these
4 provisions for fiscal year 1987. This results
5 from the adjustments provided for 1987 fiscal
6 year which eliminates the revenue increases asso-
7 ciated with conformity to the United States In-
8 ternal Revenue Code of 1986 for fiscal year 1987.

9 **Sec. 2. 36 MRSA §5121, as enacted by P&SL 1969,**
10 **c. 154, Section F, §1, is amended to read:**

11 §5121. Taxable income

12 The entire taxable income of a resident individu-
13 al of this State shall be his federal adjusted gross
14 income as defined in the laws of the United States
15 with the modifications and less the deductions and
16 personal exemptions provided in this chapter. In the
17 case of resident individuals who have Maine adjusted
18 gross income less than the income level for which a
19 federal income tax return is required, pursuant to
20 the United States Internal Revenue Code, Section
21 6012, their taxable income is to be zero.

22 **Sec. 3. 36 MRSA §5131 is enacted to read:**

23 §5131. Exemption credit

24 For a taxable year beginning in 1987, an individ-
25 ual taxpayer is entitled to a credit against taxes
26 levied for that tax year pursuant to this Part. The
27 amount of the credit is \$9 for each exemption allowa-
28 ble on the return for the same year, but in no case
29 shall this credit reduce the Maine income tax to less
30 than zero.

31 **Sec. 4. 36 MRSA §5217 is enacted to read:**

32 §5217. Conformity credit

33 For a taxable year beginning in 1987, a corporate
34 taxpayer is entitled to receive a credit against
35 taxes levied for that year pursuant to this Part, ex-
36 cept for chapter 819. The amount of the credit is 5%
37 of the amount of the tax otherwise due for the same
38 year.

1 This bill provides an ongoing redefinition of
2 taxable income. In order to offset the expected tax
3 year 1988 cost of \$4 million a transfer from the Tax
4 Adjustment Reserve Fund is required.

5 STATEMENT OF FACT

6 This bill is intended to provide the mechanism
7 for returning to both individual and corporate income
8 taxpayers the full amount of additional collections
9 associated with conformity to the United States In-
10 ternal Revenue Code for fiscal year 1987. A signifi-
11 cant element of this package is the redefinition of
12 taxable income to eliminate from Maine tax rolls
13 those individuals not required to file a federal in-
14 come tax return. Similarly, they would not be re-
15 quired to file a Maine individual income tax return.
16 This provision is incorporated as an ongoing element
17 of the Maine tax laws.

18 Two additional provisions which apply only for
19 tax years beginning in 1987 are also included.
20 First, is a credit for individual taxpayers equal to
21 \$9 for each exemption they claim on their 1987 tax
22 return. Second, is a credit for corporate taxpayers
23 equal to 5% of their 1987 corporate income tax lia-
24 bility.

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