

MAINE STATE LEGISLATURE

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SECOND REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 2510

H.P. 1833 House of Representatives, March 14, 1988
Reference to the Committee on Taxation suggested and
ordered printed.

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

STATE OF MAINE

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

1 AN ACT to Provide for a
2 Partial Rebate of 1987 Individual Income Tax.
3

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

6 Sec. 1. 5 MRSA §1514, sub-§2, as enacted by PL
7 1987, c. 4, §1, is amended to read:

8 2. Transfers to the Tax Adjustment Reserve Fund.

1 Notwithstanding any other provision of law, the State
2 Controller shall transfer to the Tax Adjustment
3 Reserve Fund, without deductions, that portion of
4 undedicated General Fund revenues which is jointly
5 certified by the State Budget Officer and the State
6 Tax Assessor to be directly attributable to increased
7 corporate or individual income tax collections
8 resulting from conformity to the Internal Revenue Code
9 of 1986 through the period ending June 30, 1988.

10 Sec. 2. 36 MRSA c. 909 is enacted to read:

11 CHAPTER 909

12 1987 Tax Rebate Act

13 §6301. Short title

14 This chapter shall be known and may be cited as
15 the "1987 Rebate Act."

16 §6302. Rebate procedure

17 The following procedure shall be used to identify
18 taxpayers entitled to a rebate of 1987 individual
19 income tax conformity windfall and to determine the
20 amount of the rebate.

21 1. Potentially eligible taxpayers. 1987
22 individual income tax payers with at least 7% more
23 Maine individual income tax liability in 1987 as
24 compared to 1986 are potentially eligible for a tax
25 rebate.

26 2. Eligibility ratio. The total 1987 tax
27 liability of all potentially eligible taxpayers, based
28 on the records of the Bureau of Taxation on July 1,
29 1988, shall be divided by the total amount of 1987 tax
30 year individual income tax windfall certified to the
31 Tax Adjustment Reserve Fund pursuant to Title 5,
32 section 1514, as of July 1, 1988, which has not been
33 transferred to the General Fund. The resulting
34 fraction is the eligibility ratio.

35 3. Eligible taxpayers. A potentially eligible

1 taxpayer whose 1987 Maine tax liability which, when
2 multiplied by the eligibility ratio, is greater than
3 the 1987 exemption credit computed in accordance with
4 section 5131 shall be eligible for a rebate under this
5 chapter.

6 4. Rebate percentage. The total amount of the
7 1987 tax year individual income tax windfall
8 identified in subsection 2, with adjustments specified
9 in subsection 6, divided by the total 1987 tax
10 liability of all eligible taxpayers is the rebate
11 percentage.

12 5. Rebate amount. The amount of rebate for an
13 eligible taxpayer is computed by multiplying that
14 taxpayer's 1987 income tax liability by the rebate
15 percentage.

16 6. Adjustments. The 1987 tax year individual
17 income tax windfall identified in subsection 2 is
18 reduced by the following adjustments for purposes of
19 subsection 4:

20 A. An amount determined by the State Tax Assessor
21 necessary to fund the expected cost of rebate
22 entitlements not specifically known on July 1,
23 1988; and

24 B. An amount determined by the State Tax Assessor
25 sufficient to recover the expenses associated with
26 the preparation, forwarding and record-keeping
27 requirements associated with the rebate checks.

28 §6303. Rebate checks

29 The State Tax Assessor shall perform the
30 calculations required by this chapter by July 15,
31 1988. The tax assessor shall provide the State
32 Controller, no later than August 1, 1988, with the
33 necessary information for rebate check issuance as
34 determined in accordance with this chapter. These
35 checks are subject to setoff against outstanding tax
36 liabilities.

37 The Treasurer of State shall issue the rebate

1 checks by September 1, 1988.

2 §6304. Returns processed after July 1, 1988

3 Rebate entitlements for returns processed after
4 July 1, 1988, shall be refunded as promptly as
5 possible. The determination of eligibility and rebate
6 amount for these taxpayers shall be in accordance with
7 section 6302.

8 STATEMENT OF FACT

9 The purpose of this bill is to return "windfall"
10 over collections of income tax revenue to those
11 taxpayers who most likely contributed to the 1987 tax
12 year windfall as a result of conformity to the Federal
13 Tax Reform Act of 1986, Public Law 99-514. It
14 completes the 1987 tax year return to taxpayers which
15 has already returned about \$13,000,000 through \$9
16 exemption credits and removing low-income taxpayers
17 from tax rolls.

18 Funding of this bill will be provided by a
19 transfer from the Tax Adjustment Reserve Fund. All
20 1987 individual income tax windfall which has not
21 previously been returned to taxpayers will be
22 transferred from this fund to cover the costs of this
23 bill.

24 The minimum amount available for this program will
25 be \$17,000,000.

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