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l	L.D. 2705
2	(Filing No. H-816)
3 4 5 6	STATE OF MAINE HOUSE OF REPRESENTATIVES 113TH LEGISLATURE FOURTH SPECIAL SESSION
7 8	HOUSE AMENDMENT " $\mathcal{H}$ " to H.P. 2001, L.D. 2705, Bill, "AN ACT to Amend the Maine Income Tax Code."
9 10 11	Amend the bill by striking out everything after the enacting clause and before the emergency clause and inserting in its place the following:
12 13	'Sec. 1. 5 MRSA \$1514, sub-\$2-A is enacted to read:
14 15 16 17 18 20 21 22 23 24 25 27	2-A. Transfers to the Tax Adjustment Reserve Fund. Notwithstanding any other provision of law, starting with the tax year 1989, the State Controller shall transfer to the Tax Adjustment Reserve Fund, without deductions, that portion of undedicated General Fund revenues which is jointly certified by the State Budget Officer and the State Tax Assessor to be directly attributable to increased individual income tax collections which result from conformity to the Internal Revenue Code of 1986 and which are over and above the existing personal exemptions tax credit established as of November 1, 1988, in Title 36, section 5126. The Tax Adjustment Reserve Fund shall be segregated by tax year.
28 29	. Sec. 2. 5 MRSA \$1514, sub-\$4-A is enacted to read:
30	4-A. Fund adjustments; 1988. Notwithstanding

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1 2	subsection 4, for tax year 1988 only, adjustments to the fund shall be as follows.
3	A. A transfer from this fund to the General Fund
4	to offset the loss of revenue attributable to
5	income tax reductions to avoid a windfall for the
6	tax year 1987 is required prior to June 30, 1988,
7	in the amount of \$16,500,000.
8	B. The State Controller shall transfer to the
9	General Fund any balance in this fund on June 30,
10	1988, which was certified to it in accordance with
11	subsection 2 as revenue directly attributable to
12	corporate income tax. This transfer will provide
13	additional resources for property tax relief
14	through an appropriation to the General Purpose
15	Aid to Local Schools Account.
16	C. A transfer from this fund to the General Fund
17	is required to offset the loss of revenue
18	resulting from individual income tax reform for
19	the 1988 tax year. The amount of this transfer
20	will be equal to the amount certified to the fund
21	because of increased individual income tax
22	collections through the period ending June 30,
23	1988, plus accrued interest, less the amount
24	transferred in paragraph A to offset individual
25	income tax reductions and less the amount expended
26	to offset 1987 tax year rebates and their
27	administrative costs. This transfer shall be made
28	no later than October 1, 1988.
29 30 31 32 33 34 35 36 37	<ul> <li>D. It is intended that the State Controller transfer the amounts defined in paragraph C from the General Fund balance to undedicated revenue. These transfers shall be made on a monthly basis during the period of January 1989, to June 1989, in amounts directly proportional to total individual income tax revenue estimates for those months.</li> <li>Sec. 3. 5 MRSA §1514, sub-§5 is enacted to read:</li> </ul>
38	5. Expenditures from the fund. Appropriations
39	from the Tax Adjustment Reserve Fund may be made by
40	the Legislature provided that funds are appropriated

1 .	only for property tax relief to municipalities on a
2	per capita basis. For each fiscal year, the Legislature may appropriate only that portion of the
3 4	Tax Adjustment Reserve Fund attributable to the
5	preceding tax year.
5	preceding tax year.
6	Sec. 4. 36 MRSA §5126-A is enacted to read:
7	§5126-A. Personal exemptions tax credit; 1988
8	Notwithstanding section 5126, an individual shall
9	be allowed for tax year 1988 only, a personal
10	exemption tax credit in the amount provided in the
11	following tables for each exemption to which the
12	individual is entitled for federal income tax purposes
13	or as otherwise provided in this section.
14	1 Circle individuals and married nervene filing
14	1. Single individuals and married persons filing separate returns. For single individuals and married
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10	persons filing separate returns:
17	If Maine adjusted The amount of the tax credit per
18	gross income is: allowable personal exemption is:
19	Less than \$20,000 \$55
20	<u>At least \$20,000, but</u>
21	less than \$25,000 \$65
22	\$25,000 or more \$30
23	2. Heads of households. For unmarried
24	· · · · · · · · · · · · · · · · · · ·
25	individuals or legally separated individuals who qualify as heads of households:
23	quality as heads of households:
26	If Maine adjusted. The amount of the tax credit per
27	gross income is: allowable personal exemption is:
21	gross income is: allowable personal exemption is:
28	Less than \$30,000 \$55
	<u>2000 (mail 000/000</u>
29	At least \$30,000, but
30	less than \$37,500 \$65
31	\$37,500 or more \$30
32	3. Individuals filing married joint return or

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1	surviving spouses. For individuals filing married
2	joint returns or surviving spouses permitted to file a
3	joint return:
4	If Maine adjusted The amount of the tax credit per
5	gross income is: allowable personal exemption is:
6	Less than \$40,000 \$55
7	At least \$40,000, but
8	less than \$50,000 \$65
9	\$50,000 or more \$30
10	Individuals entitled to zero personal exemptions
11	for federal income tax purposes are entitled to a
12	single personal exemption tax credit in an amount
13	determined in accordance with the tables in this
14	section.
15 117 122 223 2222 2223 3333 3333 335 335	An additional personal exemption tax credit is allowable to each individual who, pursuant to the Code, Section 63(f), if claiming a standard deduction for the tax year, is entitled to the additional amount provided in either the first paragraph of the Code or the higher amount provided in the 3rd paragraph. An additional personal exemption tax credit is also allowable to each individual who, pursuant to the Code, Section 63(f), is, if claiming a standard deduction for the tax year, entitled to the additional amount provided in either the 2nd paragraph of the Code or the higher amount provided in the 3rd paragraph. For a tax year in which the taxpayer does not file a joint return with that taxpayer's spouse and if the spouse has no gross income for the calendar year in which the taxable year of the taxpayer, the taxpayer is entitled to claim a personal exemption tax credit for each additional personal exemption allowable to the spouse as provided by this section. In no case does this credit reduce the Maine income tax to less than zero.'

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## STATEMENT OF FACT

The purpose of this amendment is to limit the application of the provisions of the original bill to tax year 1988, only. The audit requires for tax years after 1988 that an amount which results from increased individual income tax collections, due to conformity, which is in excess of personal exemptions tax credit, be appropriated for property tax relief to municipalities on a per capita basis.

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