

MAINE STATE LEGISLATURE

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L.D. 2705

(Filing No. S-562)

STATE OF MAINE
SENATE
113TH LEGISLATURE
FOURTH SPECIAL SESSION

SENATE AMENDMENT " A " to H.P. 2001, L.D. 2705,
Bill, "AN ACT to Amend the Maine Income Tax Code."

Amend the bill by striking out everything after
the enacting clause and before the emergency clause
and inserting in its place the following:

Sec. 1. 5 MRSA §1514, sub-§2-A is enacted to
read:

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.

Sec. 2. 5 MRSA §1514, sub-§4-A is enacted to
read:

4-A. Fund adjustments; 1988. Notwithstanding

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1 subsection 4, for tax year 1988 only, adjustments to
2 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 D. It is intended that the State Controller
30 transfer the amounts defined in paragraph C from
31 the General Fund balance to undedicated revenue.
32 These transfers shall be made on a monthly basis
33 during the period of January 1989, to June 1989,
34 in amounts directly proportional to total
35 individual income tax revenue estimates for those
36 months.

37 Sec. 3. 5 MRSA §1514, sub-§5 is enacted to read:

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.

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1 only for property tax relief to municipalities on a
2 per capita basis. For each fiscal year, the
3 Legislature may appropriate only that portion of the
4 Tax Adjustment Reserve Fund attributable to the
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. Single individuals and married persons filing
15 separate returns. For single individuals and married
16 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 At least \$20,000, but
21 less than \$25,000 \$65

22 \$25,000 or more \$30

23 2. Heads of households. For unmarried
24 individuals or legally separated individuals who
25 qualify as heads of households:

26 If Maine adjusted The amount of the tax credit per
27 gross income is: allowable personal exemption is:

28 Less than \$30,000 \$55

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 An additional personal exemption tax credit is
16 allowable to each individual who, pursuant to the
17 Code, Section 63(f), if claiming a standard deduction
18 for the tax year, is entitled to the additional amount
19 provided in either the first paragraph of the Code or
20 the higher amount provided in the 3rd paragraph. An
21 additional personal exemption tax credit is also
22 allowable to each individual who, pursuant to the
23 Code, Section 63(f), is, if claiming a standard
24 deduction for the tax year, entitled to the additional
25 amount provided in either the 2nd paragraph of the
26 Code or the higher amount provided in the 3rd
27 paragraph. For a tax year in which the taxpayer does
28 not file a joint return with that taxpayer's spouse
29 and if the spouse has no gross income for the calendar
30 year in which the taxable year of the taxpayer begins
31 and is not the dependent of another taxpayer, the
32 taxpayer is entitled to claim a personal exemption tax
33 credit for each additional personal exemption
34 allowable to the spouse as provided by this section.
35 In no case does this credit reduce the Maine income
36 tax to less than zero.

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STATEMENT OF FACT

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

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(Sen. CAHILL)

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SPONSORED BY: _____

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COUNTY: Sagadahoc

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