

MAINE STATE LEGISLATURE

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L.D. 2705

(Filing No. S- 565)

STATE OF MAINE
SENATE
113TH LEGISLATURE
FOURTH SPECIAL SESSION

SENATE AMENDMENT " B " 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-§4-A is enacted to
read:

4-A. Fund adjustments; 1988. Notwithstanding
subsection 4, for tax year 1988 only, adjustments to
the fund shall be as follows.

A. A transfer from this fund to the General Fund
to offset the loss of revenue attributable to
income tax reductions to avoid a windfall for the
tax year 1987 is required prior to June 30, 1988,
in the amount of \$16,500,000.

B. The State Controller shall transfer to the
General Fund any balance in this fund on June 30,
1988, which was certified to it in accordance with
subsection 2 as revenue directly attributable to
corporate income tax. This transfer will provide
additional resources for property tax relief
through an appropriation to the General Purpose
Aid to Local Schools Account.

C. A transfer from this fund to the General Fund
is required to offset the loss of revenue

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1 resulting from individual income tax reform for
2 the 1988 tax year. The amount of this transfer
3 will be equal to the amount certified to the fund
4 because of increased individual income tax
5 collections through the period ending June 30,
6 1988, plus accrued interest, less the amount
7 transferred in paragraph A to offset individual
8 income tax reductions and less the amount expended
9 to offset 1987 tax year rebates and their
10 administrative costs. This transfer shall be made
11 no later than October 1, 1988.

12 D. It is intended that the State Controller
13 transfer the amounts defined in paragraph C from
14 the General Fund balance to undedicated revenue.
15 These transfers shall be made on a monthly basis
16 during the period of January 1989, to June 1989,
17 in amounts directly proportional to total
18 individual income tax revenue estimates for those
19 months.

20 Sec. 2. 5 MRSA §1516 is enacted to read:

21 §1516. Property Tax Relief Fund

22 1. Property Tax Relief Fund established. There
23 is established a Property Tax Relief Fund which shall
24 be maintained for the exclusive purpose of mitigating
25 the impact of changes in individual income tax
26 collections by the State occurring as a consequence of
27 the State's conformity to the provisions of the
28 Internal Revenue Code of 1986.

29 2. Transfers to the Property Tax Relief Fund.
30 Notwithstanding any other provision of law, starting
31 with the tax year 1989, the State Controller shall
32 transfer to the Property Tax Relief Fund, without
33 deductions, that portion of undedicated General Fund
34 revenues which is jointly certified by the State
35 Budget Officer and the State Tax Assessor to be
36 directly attributable to increased individual income
37 tax collections which result from conformity to the
38 Internal Revenue Code of 1986 and which are over and
39 above the existing personal exemptions tax credit
40 established as of November 1, 1988, in Title 36,
41 section 5126 but not to exceed the undedicated General
42 Fund revenues expended by the exemption credit
43 established by Title 36, section 5126-A. The Property
44 Tax Relief Fund shall be segregated by tax year.

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1	<u>less than \$37,500</u>	<u>\$65</u>
2	<u>\$37,500 or more</u>	<u>\$30</u>
3	<u>3. Individuals filing married joint return or</u>	
4	<u>surviving spouses. For individuals filing married</u>	
5	<u>joint returns or surviving spouses permitted to file a</u>	
6	<u>joint return:</u>	
7	<u>If Maine adjusted</u>	<u>The amount of the tax credit per</u>
8	<u>gross income is:</u>	<u>allowable personal exemption is:</u>
9	<u>Less than \$40,000</u>	<u>\$55</u>
10	<u>At least \$40,000, but</u>	
11	<u>less than \$50,000</u>	<u>\$65</u>
12	<u>\$50,000 or more</u>	<u>\$30</u>

13 Individuals entitled to zero personal exemptions
 14 for federal income-tax purposes are entitled to a
 15 single personal exemption tax credit in an amount
 16 determined in accordance with the tables in this
 17 section.

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

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STATEMENT OF FACT

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Starting in tax year 1989, this amendment will establish a Property Tax Relief Fund which will return excess income tax revenues to municipalities on a per capita basis.

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7

(Sen. CAHILL)

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SPONSORED BY: _____

9

COUNTY: Sagadahoc

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