

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
114TH LEGISLATURE  
FIRST REGULAR SESSION

HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 124,  
L.D. 161, Bill, "An Act to Amend the Maine Income Tax Laws"

Amend the amendment by striking out everything after the  
title and before the statement of fact and inserting in its place  
the following:

'Amend the bill by striking out everything after the  
enacting clause and before the statement of fact and inserting in  
its place the following:

'Sec. 1. 36 MRSA §§5126-A to 5126-C are enacted to read:

§5126-A. Personal exemptions tax credit for 1989 tax year

An individual shall be allowed a personal exemption tax  
credit in the amount provided in the following tables for each  
exemption to which the individual is entitled for the taxable  
year for federal income tax purposes or as otherwise provided in  
this section.

1. Single individuals and married persons filing separate  
returns. For single individuals and married persons filing  
separate returns:

<u>If Maine adjusted</u> <u>gross income is:</u>	<u>The amount of the tax credit per</u> <u>allowable personal exemption is:</u>
<u>Less than \$20,000</u>	<u>\$83</u>
<u>At least \$20,000, but</u> <u>less than \$25,000</u>	<u>\$98</u>
<u>\$25,000 or more</u>	<u>\$45</u>

1                   2. Heads of households. For unmarried individuals or  
3                   legally separated individuals who qualify as heads of households:

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

7                   Less than \$30,000                                   \$83

9                   At least \$30,000, but  
11                   less than \$37,500                                   \$98

13                   \$37,500 or more                                   \$45

15                   3. Individuals filing married joint return or surviving  
17                   spouses. For individuals filing married joint returns or  
                  surviving spouses permitted to file a joint return:

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

21                   Less than \$40,000                                   \$83

23                   At least \$40,000, but  
25                   less than \$50,000                                   \$98

27                   \$50,000 or more                                   \$45

29                   Individuals entitled to zero personal exemptions for federal  
31                   income tax purposes are entitled to a single personal exemption  
33                   tax credit in an amount determined in accordance with the tables  
                  in this section.

35                   An additional personal exemption tax credit is allowable to  
37                   each individual who, pursuant to the Code, Section 63(f), if  
39                   claiming a standard deduction for the tax year, is entitled to  
41                   the additional amount provided in either the first paragraph of  
43                   the Code or the higher amount provided in the 3rd paragraph. An  
45                   additional personal exemption tax credit is also allowable to  
47                   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  
                  begins and is not the dependent of another 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.

§5126-B. Personal exemptions tax credit for 1990 tax year

An individual shall be allowed a personal exemption tax  
credit in the amount provided in the following tables for each  
exemption to which the individual is entitled for the taxable  
year for federal income tax purposes or as otherwise provided in  
this section.

1. Single individuals and married persons filing separate  
returns. For single individuals and married persons filing  
separate returns:

<u>If Maine adjusted</u>	<u>The amount of the tax credit per</u>
<u>gross income is:</u>	<u>allowable personal exemption is:</u>

<u>Less than \$20,000</u>	<u>\$72</u>
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<u>At least \$20,000, but</u>	
<u>less than \$25,000</u>	<u>\$85</u>

<u>\$25,000 or more</u>	<u>\$40</u>
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2. Heads of households. For unmarried individuals or  
legally separated individuals who qualify as heads of households:

<u>If Maine adjusted</u>	<u>The amount of the tax credit per</u>
<u>gross income is:</u>	<u>allowable personal exemption is:</u>

<u>Less than \$30,000</u>	<u>\$72</u>
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<u>At least \$30,000, but</u>	
<u>less than \$37,500</u>	<u>\$85</u>

<u>\$37,500 or more</u>	<u>\$40</u>
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3. Individuals filing married joint return or surviving  
spouses. For individuals filing married joint returns or  
surviving spouses permitted to file a joint return:

<u>If Maine adjusted</u>	<u>The amount of the tax credit per</u>
<u>gross income is:</u>	<u>allowable personal exemption is:</u>

<u>Less than \$40,000</u>	<u>\$72</u>
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At least \$40,000, but	
less than \$50,000	\$85
\$50,000 or more	\$40

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

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 begins and is not the dependent of another 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.

§5126-C. Personal exemptions tax credit for 1991 tax year

An individual shall be allowed a personal exemption tax credit in the amount provided in the following tables for each exemption to which the individual is entitled for the taxable year for federal income tax purposes or as otherwise provided in this section.

1. Single individuals and married persons filing separate returns. For single individuals and married persons filing separate returns:

<u>If Maine adjusted</u>	<u>The amount of the tax credit per</u>
<u>gross income is:</u>	<u>allowable personal exemption is:</u>
<u>Less than \$20,000</u>	<u>\$64</u>
<u>At least \$20,000, but</u>	
<u>less than \$25,000</u>	<u>\$75</u>

<u>\$25,000 or more</u>	<u>\$35</u>
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2. Heads of households. For unmarried individuals or legally separated individuals who qualify as heads of households:

<u>If Maine adjusted gross income is:</u>	<u>The amount of the tax credit per allowable personal exemption is:</u>
0	0
1	0
2	0
3	0
4	0
5	0
6	0
7	0
8	0
9	0
10	0
11	0
12	0
13	0
14	0
15	0
16	0
17	0
18	0
19	0
20	0
21	0
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89	0
90	0
91	0
92	0
93	0
94	0
95	0
96	0
97	0
98	0
99	0
100	0

<u>Less than \$30,000</u>	<u>\$64</u>
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<u>At least \$30,000, but</u>	
<u>less than \$37,500</u>	\$75

<u>\$37,500 or more</u>	<u>\$35</u>
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3. Individuals filing married joint return or surviving spouses. For individuals filing married joint returns or surviving spouses permitted to file a joint return:

<u>If Maine adjusted</u>	<u>The amount of the tax credit per</u>
<u>gross income is:</u>	<u>allowable personal exemption is:</u>
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	10
11	11
12	12
13	13
14	14
15	15
16	16
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37	37
38	38
39	39
40	40
41	41
42	42
43	43
44	44
45	45
46	46
47	47
48	48
49	49
50	50

<u>Less than \$40,000</u>	<u>\$64</u>
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<u>At least \$40,000, but</u>	
<u>less than \$50,000</u>	\$75

<u>\$50,000 or more</u>	<u>\$35</u>
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Individuals entitled to zero personal exemptions for federal income tax purposes are entitled to a single personal exemption tax credit in an amount determined in accordance with the tables in this section.

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 begins and is not the dependent of another 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.

**Sec. 2. Appropriation.** The following funds are appropriated from the General Fund to carry out the purposes of this Act.

1989-90

**FINANCE, DEPARTMENT OF**

**Individual Income Tax Surplus  
Return Fund Program**

All Other \$16,500,000

Provides funds to reimburse the General Fund for revenues lost that otherwise would have been collected except for the changes in income tax rates enacted in this Act. These funds shall not lapse, but shall be carried forward until June 30, 1991, to be used for the same purpose. These funds shall be transferred to the General Fund by the State Controller on a monthly basis to offset the impact of lower monthly revenue collections.

**FISCAL NOTE**

This bill returns \$51.7 million in windfall collections through changes in the existing tax credit structure of the income tax procedure. These rate changes are effective in fiscal year 1989-90, fiscal year 1990-91 and beyond, but, in effect, return the fiscal year 1988-89 windfall as well. For this reason, the windfall funds existing in fiscal year 1988-89 that will become surplus in fiscal year 1989-90 are appropriated to be used to offset monthly revenue losses.'

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**STATEMENT OF FACT**

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This amendment returns windfall collections recognized in the Peat Marwick Study through changes in the existing income tax structure. This proposal returns the windfall without creating an income tax loss to any taxpayer.

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Filed by Rep. Whitcomb of Waldo  
Reproduced and distributed under the direction of the Clerk of the  
House  
6/21/89 (Filing No. H-680)