

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

1
3
5
7
9
11
13
15
17
19
21
23
25
27
29
31
33
35
37
39
41
43
45
47
49

L.D. 161

(Filing No. H- 681)

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

HOUSE AMENDMENT "B" 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'Sec. 1. 36 MRSA §5111, as repealed and replaced by PL 1987,
c. 819, §2, is repealed and the following enacted in its place:

§5111. Imposition and rate of tax

1. Rate. A personal income tax is imposed for each taxable
year beginning on or after January 1, 1989, on Maine income of
resident and nonresident individuals and estates equal to 31.8%
of federal tax liability.

2. Adjustments. In any year in which the laws of the
United States would result in a different federal tax liability
than would have resulted under the laws in effect on January 1,
1989, the State Tax Assessor may adjust the percentages in
subsection 1 proportionally so that the total amount of tax
collected under this section does not exceed the amount that
would have been collected if the laws of the United States for
that year were the same as on January 1, 1989.

Sec. 2. 36 MRSA §5113. as repealed and replaced by PL 1983,
c. 571, §19, is repealed.

Sec. 3. 36 MRSA §5121. as repealed and replaced by PL 1987,
c. 819, §4, is repealed.

Sec. 4. 36 MRSA §5122, as amended by PL 1987, c. 772, §36, is
repealed.

1

Sec. 5. 36 MRSA §5124-A, as amended by PL 1987, c. 819, §6,
3 is repealed.

5

Sec. 6. 36 MRSA §5125, as repealed and replaced by PL 1987,
c. 819, §7, is repealed.

7

9

Sec. 7. 36 MRSA §5126, as repealed and replaced by PL 1987,
c. 819, §8, is repealed.

11

Sec. 8. 36 MRSA §5126-A is enacted to read:

13

§5126-A. Personal exemption credit for elderly and blind persons

15

A person entitled to an additional amount of standard
deduction under the Code, Section 63(f), based on age or
17 blindness is entitled to a personal exemption credit under this
section in the following amount:

19

21

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

23

25

If Maine adjusted gross
income is:

The credit is:

27

Less than \$20,000

\$55

29

At least \$20,000 but less
than \$25,000

\$65

31

\$25,000 or more

\$30;

33

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

35

If Maine adjusted gross
income is:

The credit is:

37

Less than \$30,000

\$55

39

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

\$65

41

\$37,500 or more

\$30; and

43

45

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

<u>If Maine adjusted gross</u>	<u>The credit is:</u>
<u>income is:</u>	
<u>Less than \$40,000</u>	<u>\$55</u>
<u>At least \$40,000 but less</u>	
<u>than \$50,000</u>	<u>\$65</u>
<u>\$50,000 or more</u>	<u>\$30.</u>

9 **Sec. 9. 36 MRS**A §5132 is enacted to read:

11 **§5132. Other credits**

13 In addition to the amounts otherwise allowed as credits
15 under this Part, a taxpayer shall be entitled to a credit equal
17 to the amount by which that taxpayer's tax under this Part would
17 be reduced if the following were not subject to taxation under
17 the laws of the United States:

19 **1. Social security and railroad retirement benefits.**
21 Social security benefits and railroad retirement benefits, to the
21 extent included in federal adjusted gross income.

23 **Sec. 10. 36 MRS**A §5142, as amended by PL 1987, c. 841, §3, is
25 further amended to read:

27 **§5142. Nonresidents**

29 **1. Allocation.** ~~The adjusted-gross-income-of-a-nonresident~~
31 ~~derived-from-sources-within-this-State-shall-be-the-sum-of-the~~
33 ~~following~~ tax on nonresidents shall be that percentage of the
31 amount calculated under section 5111 which is equal to the
33 percentage of total federal adjusted gross income derived from
33 sources within this State calculated as follows:

35 A. The net amount of items of income, gain, loss, and
37 deduction entering into his the nonresident's federal
37 adjusted gross income which are derived from or connected
39 with sources in this State including (i) his the
39 nonresident's distributive share of partnership income and
41 deductions determined under section 5192, (ii) his the
41 nonresident's share of estate or trust income and deductions
43 determined under section 5176, and (iii) his the
43 nonresident's distributive share of the income of an
45 electing small business corporation for federal income tax
45 purposes derived from or connected with sources within this
47 State; and

49 B. The portion of the modifications described in section
51 5122, subsections 1 and 2, which relate to income derived
51 from sources in this State, including any modifications
51 attributable to him the nonresident as a partner.

1
3
5
7
9
11
13
15
17
19
21
23
25
27
29
31
33
35
37
39
41
43
45
47
49

2. **Attribution.** Items of income, gain, loss, and deduction derived from or connected with sources within this State are those items attributable to:

A. The ownership or disposition of any interest in real or tangible personal property in this State; and

B. A business, trade, profession or occupation carried on in this State.

3. **Intangibles.** Income from intangible personal property, including annuities, dividends, interest and gains from the disposition of intangible personal property, shall constitute income derived from sources within this State only to the extent that such that income is from property employed in a business, trade, profession, or occupation carried on in this State.

4. **Deductions for losses.** Deductions with respect to capital losses, net long-term capital gains, and net operating losses shall be based solely on income, gains, losses and deductions derived from or connected with sources in this State, under regulations to be prescribed by the assessor, but otherwise shall be determined in the same manner as the corresponding federal deductions.

6. **Apportionment.** If a business, trade, profession or occupation is carried on partly within and partly without this State, the items of income and deduction derived from or connected with sources within this State shall be determined as apportioned to this State under chapter 821 or, in the case of the rendering of purely personal services by an individual, under regulations to be prescribed by the assessor.

7. **Service in Armed Forces.** Compensation paid by the United States for service in the Armed Forces of the United States performed by a nonresident shall not constitute income derived from sources within this State.

Sec. 11. 36 MRSA §5215, as amended by PL 1987, c. 880, §3, is repealed.

Sec. 12. 36 MRSA §5218, as amended by PL 1987, c. 772, §40, is repealed.

Sec. 13. 36 MRSA §§5219 and 5219-A, as enacted by PL 1987, c. 504, §32, are repealed.

Sec. 14. 36 MRSA §5224-A, as amended by PL 1987, c. 504, §36, is further amended to read:

1

§5224-A. Return of part-year resident

3

5 If an individual changes his status as a resident individual
7 or nonresident individual during his the taxable year, he the
9 individual shall file a nonresident return pursuant to section
11 5220, subsection 2. His The individual's tax shall be computed,
13 pursuant to section 5111, ~~subsection-4~~, as if he the individual
15 were a nonresident individual, except that the numerator of the
17 apportionment ratio shall be comprised of his the individual's
19 Maine adjusted gross income, as defined in section 5102,
21 subsection 1-C, paragraph A, for the portion of the taxable year
during which he the individual was a resident individual, plus
his the individual's Maine adjusted gross income as defined in
section 5102, subsection 1-C, paragraph B, for the portion of the
taxable year during which he the individual was a nonresident
individual. The part-year resident shall also be entitled to the
credit provided by section 5217, computed as if the individual's
Maine adjusted gross income for the entire year were comprised
only of that portion which is attributed to the portion of the
year during which he the individual was a resident individual.

23

25

STATEMENT OF FACT

27

29

31

This amendment adds language to provide that the Maine
personal income tax will be a flat percentage of federal tax
liability. The amendment makes other technical changes to
accommodate the new basis for taxation.

31

Filed by Rep. Marsano of Belfast
Reproduced and distributed under the direction of the Clerk of the
House
6/21/89

(Filing No. H-681)

39