

# MAINE STATE LEGISLATURE

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L.D. 161

(Filing No. S- 396)

STATE OF MAINE  
SENATE  
114TH LEGISLATURE  
FIRST REGULAR SESSION

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

SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 124,  
L.D. 161

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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>
<u>Less than \$30,000</u>	<u>\$83</u>
<u>At least \$30,000, but less than \$37,500</u>	<u>\$98</u>
<u>\$37,500 or more</u>	<u>\$45</u>

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 gross income is:</u>	<u>The amount of the tax credit per allowable personal exemption is:</u>
<u>Less than \$40,000</u>	<u>\$83</u>
<u>At least \$40,000, but less than \$50,000</u>	<u>\$98</u>
<u>\$50,000 or more</u>	<u>\$45</u>

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

SENATE AMENDMENT "E" to COMMITTEE AMENDMENT "A" to H.P. 124, L.D. 161

1 additional personal exemption allowable to the spouse as provided  
2 by this section. In no case does this credit reduce the Maine  
3 income tax to less than zero.

5 §5126-B. Personal exemptions tax credit for 1990 tax year

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

13 1. Single individuals and married persons filing separate  
14 returns. For single individuals and married persons filing  
15 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>
<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>

27 2. Heads of households. For unmarried individuals or  
28 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>
<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>

39 3. Individuals filing married joint return or surviving  
40 spouses. For individuals filing married joint returns or  
41 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>

SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 124,  
L.D. 161

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

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

R. of S

SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 124,  
L.D. 161

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\$25,000 or more \$35

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

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

Less than \$30,000 \$64

At least \$30,000, but less than \$37,500 \$75

\$37,500 or more \$35

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

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

Less than \$40,000 \$64

At least \$40,000, but less than \$50,000 \$75

\$50,000 or more \$35

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

R. of S.

SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 124,  
L.D. 161

1 the calendar year in which the taxable year of the taxpayer  
2 begins and is not the dependent of another taxpayer, the taxpayer  
3 is entitled to claim a personal exemption tax credit for each  
4 additional personal exemption allowable to the spouse as provided  
5 by this section. In no case does this credit reduce the Maine  
6 income tax to less than zero.

7

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

11

1989-90

13

**FINANCE, DEPARTMENT OF**

15

**Individual Income Tax Surplus  
Return Fund Program**

17

All Other \$16,500,000

19

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

31

**FISCAL NOTE**

33

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

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\*R of S.

SENATE AMENDMENT " B " to COMMITTEE AMENDMENT "A" to H.P. 124,  
L.D. 161

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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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11

(Senator EMERSON)

13

SPONSORED BY: 

15

COUNTY: Penobscot

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Reproduced and Distributed Pursuant to Senate Rule 12.  
(6/21/89) (Filing No. S-396)