

MAINE STATE LEGISLATURE

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

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

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>

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>

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<u>At least \$30,000, but</u>	
<u>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</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>\$83</u>
<u>At least \$40,000, but</u>	
<u>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 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.

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1 1. Single individuals and married persons filing separate
2 returns. For single individuals and married persons filing
3 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>\$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>

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

<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 \$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>

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

<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 \$40,000</u>	<u>\$72</u>
<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>

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

47 An additional personal exemption tax credit is allowable to
48 each individual who, pursuant to the Code, Section 63(f), if
49 claiming a standard deduction for the tax year, is entitled to
50 the additional amount provided in either the first paragraph of
51 the Code or the higher amount provided in the 3rd paragraph. An
 additional personal exemption tax credit is also allowable to

1 each individual who, pursuant to the Code, Section 63(f), is, if
2 claiming a standard deduction for the tax year, entitled to the
3 additional amount provided in either the 2nd paragraph of the
4 Code or the higher amount provided in the 3rd paragraph. For a
5 tax year in which the taxpayer does not file a joint return with
6 that taxpayer's spouse and if the spouse has no gross income for
7 the calendar year in which the taxable year of the taxpayer
8 begins and is not the dependent of another taxpayer, the taxpayer
9 is entitled to claim a personal exemption tax credit for each
10 additional personal exemption allowable to the spouse as provided
11 by this section. In no case does this credit reduce the Maine
12 income tax to less than zero.

13 §5126-C. Personal exemptions tax credit for 1991 tax year

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

20
21 1. Single individuals and married persons filing separate
22 returns. For single individuals and married persons filing
23 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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36 2. Heads of households. For unmarried individuals or
37 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>\$64</u>
<u>At least \$30,000, but</u>	
<u>less than \$37,500</u>	<u>\$75</u>
<u>\$37,500 or more</u>	<u>\$35</u>

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48 3. Individuals filing married joint return or surviving
49 spouses. For individuals filing married joint returns or
50 surviving spouses permitted to file a joint return:
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<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>\$64</u>
<u>At least \$40,000, but less than \$50,000</u>	<u>\$75</u>
<u>\$50,000 or more</u>	<u>\$35</u>

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

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

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

1989-90

39 **FINANCE. DEPARTMENT OF**

41 **Individual Income Tax Surplus**
42 **Return Fund Program**

45 All Other \$16,500,000

47 Provides funds to reimburse the General Fund
48 for revenues lost that otherwise would have
49 been collected except for the changes in
50 income tax rates enacted in this Act. These
51 funds shall not lapse, but shall be carried

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1 forward until June 30, 1991, to be used for
2 the same purpose. These funds shall be
3 transferred to the General Fund by the State
4 Controller on a monthly basis to offset the
5 impact of lower monthly revenue collections.

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FISCAL NOTE

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

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STATEMENT OF FACT

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

Reported by the Minority of the Committee on Taxation
Reproduced and distributed under the direction of the Clerk of the
House
6/21/89 (Filing No. H-675)