

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
115TH LEGISLATURE
FIRST REGULAR SESSION

HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 653, L.D. 927, Bill, "An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 1992 and June 30, 1993"

Amend the amendment in Part N in section 15 in subsection 3 by inserting at the end the following: 'Corporations having income from business activity that is taxable both within and without this State must apportion their adjusted federal minimum tax by multiplying it by the fraction described in section 5211, subsection 8.'

Further amend the amendment by inserting before the emergency clause the following:

PART WW

Sec. WW-1. 36 MRSA §1752, sub-§3-A, as enacted by PL 1985, c. 783, §2, is repealed.

Sec. WW-2. 36 MRSA §1752, sub-§§3-B, 8-A and 14-C are enacted to read:

3-B. Grocery staples. "Grocery staples" means food products ordinarily consumed for human nourishment and includes, but is not limited to, cereals and grain products, including bread and rolls; milk and milk products; oleomargarine; meat and meat products; fish and seafood products; poultry; eggs and egg products; vegetables and vegetable products, including pickles; fruit and fruit products, including fruit juices and fruit sauces; naturally flavored powdered or liquid drink mixes or

2 drinks; spices, condiments, including jams, jellies and peanut
butter, salt and sugar; coffee and tea; and unroasted nuts.

4 "Grocery staples" does not include spirituous, malt or vinous
liquors; soft drinks, iced tea, sodas or beverages such as are
6 ordinarily dispensed at bars or soda fountains or in connection
with bars or soda fountains; medicines, tonics, vitamins and
8 preparations in liquid, powdered, granular, tablet, capsule,
lozenge or pill form, sold as dietary supplements or adjuncts,
10 except when sold on the prescription of a physician; water,
including mineral bottled and carbonated waters and ice; dietary
12 substitutes; snack food; and prepared food.

14 8-A. Prepared food. "Prepared food" means meals served on
or off the premises of the retailer; drinks or food furnished,
16 prepared or served for consumption at tables, chairs or counters
or from trays, glasses, dishes or other tableware provided by the
18 retailer; food that is ordinarily sold by the retailer for
immediate consumption on or near the location of the retailer,
20 even though the products are sold on a take-out or to-go order
and are actually packaged or wrapped and taken from the premises;
22 food that is sold from a retail location from which food is
ordinarily sold for consumption without further preparation or
24 storage; heated food or drinks; and sandwiches.

26 14-C. Snack food. "Snack food" means any item that is
ordinarily sold for consumption without further preparation or
28 that requires no preparation other than combining the item with a
liquid; that may be stored unopened without refrigeration, except
30 that ice cream, ice milk, frozen yogurt and sherbet are snack
foods; that is not generally considered a major component of a
32 well-balanced meal; and that is not defined in this section as a
grocery staple. "Snack food" includes, but is not limited to,
34 corn chips, potato chips, processed fruit snacks, fruit rolls,
fruit bars, popped popcorn, pork rinds, pretzels, cheese sticks
36 and cheese puffs, granola bars, breakfast bars, bread sticks,
roasted nuts, doughnuts, cookies, crackers, pastries, toaster
38 pastries, croissants, cakes, pies, ice cream cones, marshmallows,
marshmallow creme, artificially flavored powdered or liquid drink
40 mixes or drinks, ice cream sauces including chocolate sauce,
ready-to-eat puddings, beef jerky, meat bars and dips.

42
44 Sec. WW-3. 36 MRSA §1760, sub-§3, as amended by PL 1989, c.
847, §2, is repealed and the following enacted in its place:

46 3. Grocery staples. Sales of grocery staples.

48 Sec. WW-4. Effective date. This Part takes effect September
50 1, 1991.

PART XX

2
4 Sec. XX-1. 36 MRSA §1811, first ¶, as repealed and replaced by
PL 1989, c. 871, §16, is amended to read:

6 A tax is imposed on the value of all tangible personal
7 property and taxable services sold at retail in this State. The
8 rate of tax is ~~10%~~ 7% on the value of liquor sold in licensed
9 establishments as defined in Title 28-A, section 2, subsection
10 15, in accordance with Title 28-A, chapter 43; 7% on the value of
11 rental of living quarters in any hotel, rooming house, tourist or
12 trailer camp and rental for a period of less than one year of an
13 automobile; 7% on the value of prepared food sold in
14 establishments that are licensed for on-premises consumption of
15 liquor pursuant to Title 28-A, chapter 43 and ~~5%~~ 6% on the value
16 of all other tangible personal property and taxable services.
17 Value is measured by the sale price, except as otherwise provided.

18
20 Sec. XX-2. 36 MRSA §1811, first ¶, as repealed and replaced by
PL 1989, c. 871, §16, is amended to read:

22 A tax is imposed on the value of all tangible personal
23 property and taxable services sold at retail in this State. The
24 rate of tax is ~~10%~~ 7% on the value of liquor sold in licensed
25 establishments as defined in Title 28-A, section 2, subsection
26 15, in accordance with Title 28-A, chapter 43; 7% on the value of
27 rental of living quarters in any hotel, rooming house, tourist or
28 trailer camp and rental for a period of less than one year of an
29 automobile; 7% on the value of prepared food sold in
30 establishments that are licensed for on-premises consumption of
31 liquor pursuant to Title 28-A, chapter 43 and 5% on the value of
32 all other tangible personal property and taxable services. Value
33 is measured by the sale price, except as otherwise provided.

34
36 Sec. XX-3. 36 MRSA §1812, sub-§1, ¶A, as repealed and replaced
by PL 1987, c. 402, Pt. A, §181, is repealed and the following
37 enacted in its place:

38 A. If the tax rate is 6%:

40

<u>Amount of Sale Price</u>	<u>Amount of Tax</u>
<u>\$0.01 to \$0.09, inclusive</u>	<u>0¢</u>
<u>.10 to .16, inclusive</u>	<u>1¢</u>
<u>.17 to .33, inclusive</u>	<u>2¢</u>
<u>.34 to .50, inclusive</u>	<u>3¢</u>
<u>.51 to .66, inclusive</u>	<u>4¢</u>
<u>.67 to .83, inclusive</u>	<u>5¢</u>
<u>.84 to 1.00, inclusive</u>	<u>6¢</u>

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

If Maine taxable income is:	The tax is:
Less than \$4,000 <u>\$4,050</u>	2% of the Maine taxable income
At least \$4,000 <u>\$4,050</u> but less than \$8,000 <u>\$8,100</u>	\$80 <u>\$81</u> plus 4.5% of the excess over \$4,000 <u>\$4,050</u>
At least \$8,000 <u>\$8,100</u> but less than \$16,000 <u>\$16,200</u>	\$260 <u>\$263</u> plus 7% of the excess over \$8,000 <u>\$8,100</u>
\$16,000 <u>At least \$16,200 but less than \$37,500</u>	\$820 <u>\$830</u> plus 8.5% of the excess over \$16,000 <u>\$16,200</u>
<u>\$37,500 or more</u>	<u>\$2,641 plus 8.6% of the excess over \$37,500</u>

Sec. YY-2. 36 MRSA §5111, sub-§1-A is enacted to read:

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

<u>If Maine taxable income is:</u>	<u>The tax is:</u>
<u>Less than \$4,050</u>	<u>2% of the Maine taxable income</u>
<u>At least \$4,050 but less than \$8,100</u>	<u>\$81 plus 4.5% of the excess over \$4,050</u>
<u>At least \$8,100 but less than \$16,200</u>	<u>\$263 plus 7% of the excess over \$8,100</u>
<u>\$16,200 or more</u>	<u>\$830 plus 8.5% of the excess over \$16,200</u>

Sec. YY-3. 36 MRSA §5111, sub-§2, as repealed and replaced by PL 1989, c. 495, §1 and affected by c. 596, Pt. J, §7, is amended to read:

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

If Maine taxable income is: The tax is:

2	Less than \$6,000 <u>\$6,100</u>	2% of the Maine taxable income
4		
6	At least \$6,000 <u>\$6,100</u> but less than \$12,000 <u>\$12,150</u>	\$120 <u>\$122</u> plus 4.5% of the excess over \$6,000 <u>\$6,100</u>
8	At least \$12,000 <u>\$12,150</u> but less than \$24,000 <u>\$24,300</u>	\$390 <u>\$394</u> plus 7% of the excess over \$12,000 <u>\$12,150</u>
10		
12	\$24,000 or more <u>At least</u> <u>\$24,300 but less than \$56,250</u>	\$1,230 <u>\$1,245</u> plus 8.5% of the excess over \$24,000 <u>\$24,300</u>
14	<u>\$56,250 or more</u>	<u>\$3,961</u> plus 8.6% of the <u>excess over \$56,250</u>

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18 **Sec. YY-4. 36 MRSA §5111, sub-§2-A is enacted to read:**

20 2-A. Heads of households. For unmarried individuals or
legally separated individuals who qualify as heads of households:

22	<u>If Maine taxable income is:</u>	<u>The tax is:</u>
24	<u>Less than \$6,100</u>	<u>2% of the Maine</u> <u>taxable income</u>
26		
28	<u>At least \$6,100 but</u> <u>less than \$12,150</u>	<u>\$122 plus 4.5% of the</u> <u>excess over \$6,100</u>
30	<u>At least \$12,150 but</u> <u>less than \$24,300</u>	<u>\$394 plus 7% of the</u> <u>excess over \$12,150</u>
32		
34	<u>\$24,300 or more</u>	<u>\$1,245 plus 8.5% of the</u> <u>excess over \$24,300</u>

36 **Sec. YY-5. 36 MRSA §5111, sub-§3, as repealed and replaced by**
38 **PL 1989, c. 495, §1 and affected by c. 596, Pt. J, §7, is amended**
to read:

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

44	<u>If Maine taxable income is:</u>	<u>The tax is:</u>
46	<u>Less than \$8,000 <u>\$8,100</u></u>	<u>2% of the Maine</u> <u>taxable income</u>
48		
50	<u>At least \$8,000 <u>\$8,100</u> but</u> <u>less than \$16,000 <u>\$16,200</u></u>	<u>\$160 <u>\$162</u> plus 4.5% of the</u> <u>excess over \$8,000 <u>\$8,100</u></u>

2	At least \$16,000 <u>\$16,200</u> but	\$520 <u>\$527</u> plus 7% of the
	less than \$32,000 <u>\$32,400</u>	excess over \$16,000 <u>\$16,200</u>
4		
6	\$32,000 or more <u>At least \$32,400</u>	\$1,640 <u>\$1,661</u> plus 8.5% of the
	<u>but less than \$75,000</u>	excess over \$32,000 <u>\$32,400</u>
8	<u>\$75,000 or more</u>	<u>\$5,282 plus 8.6% of the excess</u>
		<u>over \$75,000</u>

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Sec. YY-6. 36 MRSA §5111, sub-§3-A is enacted to read:

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14 3-A. Individuals filing married joint return or surviving
spouses. For individuals filing married joint returns or
surviving spouses permitted to file a joint return:

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18 If Maine taxable income is:

The tax is:

18

20 Less than \$8,100

2% of the Maine
taxable income

20

22 At least \$8,100 but
less than \$16,200

\$162 plus 4.5% of the
excess over \$8,100

24

26 At least \$16,200 but
less than \$32,400

\$527 plus 7% of the
excess over \$16,200

26

28 \$32,400 or more

\$1,661 plus 8.5% of the
excess over \$32,400

28

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32 Sec. YY-7. Application. Sections 1, 3 and 5 of this Part
apply to tax years beginning in 1991 and 1992. Sections 2, 4 and
6 of this Part apply to tax years beginning in 1993 and
34 thereafter.

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Sec. YY-8. Repeal. Sections 1, 3 and 5 of this Part are
repealed on January 1, 1994.

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PART ZZ

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42 Sec. ZZ-1. 36 MRSA §5111, sub-§5 is enacted to read:

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44 5. Income tax surcharge. In addition to the tax
established by this section as indexed for the taxable year,
there is imposed a tax surcharge on the amount of state tax
liability due for any tax year that begins in 1991 or 1992. The
Maine taxable income amount must be indexed in accordance with
48 chapter 841. The surcharge is as follows:

2 means the sum of the investment credit bases for all
corporations included in the report.

4 Sec. BBB-2. 36 MRSA §5219-H is enacted to read:

6 §5219-H. Credits to apply against all taxes

8 1. Meaning of tax. Whenever a credit provision in chapter
10 822 allows for a credit "against the tax otherwise due under this
Part," "against the tax imposed by this Part" or similar language:

12 A. "Tax" means all taxes under this Part, including but not
14 limited to:

- 16 (1) All income taxes imposed by this Part;
18 (2) The minimum tax imposed by section 5203-A; and
20 (3) The tax surcharge imposed by section 5203-B; and

22 B. "Tax" does not include taxes imposed by chapter 827.

24 2. Meaning of tax liability. Whenever a credit provided
for in chapter 822 is limited by reference to tax liability:

26 A. "Tax liability" means the tax liability for all taxes
28 under that Part, including but not limited to:

- 30 (1) All income taxes imposed by this Part;
32 (2) The minimum tax imposed by section 5203-A; and
34 (3) The tax surcharge imposed by section 5203-B; and

36 B. "Tax liability" does not include credits provided for in
chapter 827.

38 PART CCC

40 36 MRSA §5403, first ¶, as amended by PL 1989, c. 495, §7, is
42 further amended to read:

44 For tax years beginning in 1989 1991, ~~no annual adjustment~~
is--applicable on or about September 15, 1991 the State Tax
46 Assessor shall multiply the inflation factor for that taxable
year by the dollar amounts of the tax rate table and surcharge
48 tax table specified in section 5111, exclusive of the dollar
amount of the 8.6% tax rate bracket. Thereafter, on or about
50 September 15th of each taxable year, the State Tax Assessor shall
multiply the inflation factor for that taxable year by the dollar

amounts of the tax rate table specified in section 5111 as adjusted in the prior year. The dollar amounts of the dollar bracket amounts, adjusted by application of the inflation factor and rounded to the nearest \$50, shall-be are effective for the then current taxable year and shall-be are incorporated into the income tax forms and instructions of the State Tax Assessor for that taxable year. If the inflation factor for any taxable year is 1.000 or less, no adjustment shall may be made for that taxable year in the dollar bracket amounts of the tax rate tables as adjusted for the previous year.'

Further amend the amendment by relettering the Parts to read consecutively.

FISCAL NOTE

	1991-92	1992-93
APPROPRIATIONS/ALLOCATIONS		
General Fund	\$268,873	\$130,557
REVENUES		
General Fund	\$135,449,441	\$138,781,191
Other Funds	7,279,159	7,458,209

This amendment requires an appropriation from the General Fund to the Bureau of Taxation of \$268,873 in fiscal year 1991-92 and \$130,557 in fiscal year 1992-93 for 2 positions and associated administrative expenses. There is a net gain of revenue to the General Fund of \$135,449,441 in fiscal year 1991-92 and \$138,781,191 in fiscal year 1992-93. The corresponding gain to the municipal revenue sharing program is \$7,279,159 in fiscal year 1991-92 and \$7,458,209 in fiscal year 1992-93.

STATEMENT OF FACT

This amendment provides additional resources to the General Fund by increasing sales taxes and imposing income tax surcharges.

Filed by Rep. Cashman of Old Town
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(6/29/91) (Filing No. H-718)