

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1313

H.P. 916

House of Representatives, March 27, 1991

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative DORE of Auburn.

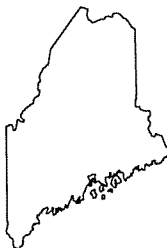
Cosponsored by Representative MAHANY of Easton and Representative TARDY of Palmyra.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-ONE

An Act to Ensure Progressivity in the Income Tax Structure.

(EMERGENCY)



Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, operating revenues have declined rapidly in the past year; and

Whereas, additional revenue is needed immediately; and

Whereas, drastic but progressive methods must be implemented to overcome this situation; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

Be it enacted by the People of the State of Maine as follows:

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

5. Income tax surcharge. In addition to the tax established by this section, there is imposed a tax surcharge on the amount of state tax liability due for any tax year that begins in 1991. The surcharge is as follows:

A. If adjusted gross income is less than \$100,000, the surcharge is 10%;

B. If adjusted gross income is \$100,000 or greater, the surcharge is 20%.

Sec. 2. 36 MRSA §5163, sub-§1 is enacted to read:

1. Income tax surcharge. There is imposed a tax surcharge on the amount of state tax liability under this chapter due for any tax year that begins in 1991. The surcharge is as follows:

A. If adjusted gross income is less than \$100,000, the surcharge is 10%;

B. If adjusted gross income is \$100,000 or greater, the surcharge is 20%.

Sec. 3. 36 MRSA §5176, sub-§1-A is enacted to read:

1-A. Income tax surcharge. In addition to the tax established by this section, there is imposed a tax surcharge on the amount of state tax liability due for any tax year that begins in 1991. The surcharge is as follows:

2 A. If adjusted gross income is less than \$100,000, the
3 surcharge is 10%;

4 B. If adjusted gross income is \$100,000 or greater, the
5 surcharge is 20%.

6 **Sec. 4. 36 MRSA §5200, last ¶** is enacted to read:

7 In addition to the tax established by this section, there is
8 imposed a tax surcharge of 10% of the amount of state tax
9 liability due for any tax year that begins in 1991.

10 **Sec. 5. 36 MRSA §5203, sub-§4** is enacted to read:

11 4. Income tax surcharge. In addition to the tax
12 established by this section, there is imposed a tax surcharge of
13 10% of the amount of state tax liability due for any tax year
14 that begins in 1991.

15 **Sec. 6. 36 MRSA §5228, sub-§3**, as repealed and replaced by PL
16 1985, c. 691; §§35 and 48, is amended to read:

17 **3. Amount of estimated tax to be paid.** Every person
18 required to make payment of estimated tax is liable for an
19 estimated tax which is no less than the smaller of the following:

20 A. An amount equal to 110% of the preceding year's state
21 income tax liability, if that preceding year was a taxable
22 year of 12 months; or

23 B. An amount equal to 80% 90% of the income tax liability
24 for the current year, for individuals or an amount equal to
25 90% of the income tax liability for the current year for
26 corporations, except that for farmers and fishermen this
27 amount ~~shall be~~ is 66 2/3% of the tax liability for the
28 current year.

29 **Sec. 7. Issuance of withholding tables.** The State Tax Assessor
30 shall issue new withholding tables to every employer in the State
31 with the effective withholding rates increased by 10% over the
32 previous rates.

33 **Sec. 8. Application.** Section 7 of this Act applies for any
34 withholding period beginning on or after July 1, 1991.

35 **Emergency clause.** In view of the emergency cited in the
36 preamble, this Act takes effect when approved.

37

STATEMENT OF FACT

2 This bill attempts to solve the current budget crisis by
3 enacting a progressive income tax surcharge on individuals, a
4 flat surcharge on corporations, an increase in estimated payments
5 and an increase in withholding amounts.

6