

# MAINE STATE LEGISLATURE

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# 115th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1991

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Legislative Document

No. 1638

H.P. 1113

House of Representatives, April 24, 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 NORTON of Winthrop.

Cosponsored by Senator ESTES of York and Representative DAGGETT of Augusta.

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STATE OF MAINE

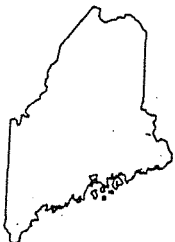
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IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND NINETY-ONE

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**An Act to Amend the Income Tax Laws Pertaining to Children's Interest  
Earnings.**

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

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4           Sec. 1. 36 MRSA §5122, sub-§2, ¶¶G and H, as enacted by PL 1989, c. 880, Pt. G, §4, are amended to read:

6           G. For income tax years commencing on or after January 1, 1989, an amount equal to the total premiums spent for insurance policies for long-term care which have been certified by the Superintendent of Insurance as complying with Title 24-A, chapter 68; and

12           H. For each taxable year subsequent to the year of the loss an amount equal to the absolute value of any net operating loss arising from tax years beginning on or after January 1, 1989, but before January 1, 1990, for which federal adjusted gross income was increased in accordance with subsection 1, paragraph H and that pursuant to the United States Internal Revenue Code, Section 172, was carried back for federal income tax purposes, but only to the extent that:

- 20                   (1) Maine net income is not reduced below zero;
- 22                   (2) The taxable year is within the allowable federal period for carry-over; and
- 24                   (3) The amount has not been previously used as a modification pursuant to this subsection; and

28           Sec. 2. 36 MRSA §5122, sub-§2, ¶I is enacted to read:

30           I. For income tax years commencing on or after January 1, 1991, an amount equal to the income of a child as reported on federal form 8814, line 5 if election to use that form would result in a higher state income tax liability for the family. The child must then file an individual income tax return to the State.

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40   **STATEMENT OF FACT**

42           This bill eliminates a potentially higher tax burden on certain individuals by allowing as a deduction from federal adjusted gross income an amount equal to the dependent child's income that the parent elected to include in the parent's federal return.

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