

# MAINE STATE LEGISLATURE

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# 116th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1993

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Legislative Document

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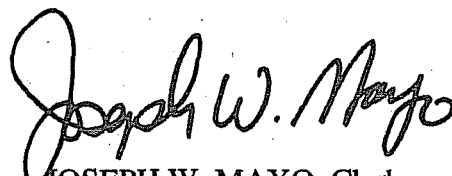
H.P. 1081

House of Representatives, May 5, 1993

**An Act to Conform Maine Income Tax Laws and Rules to the Internal Revenue Code.**

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Reference to the Committee on Taxation suggested and ordered printed.

  
JOSEPH W. MAYO, Clerk

Presented by Representative SIMONEAU of Thomaston.

Cosponsored by Representatives: BOWERS of Washington, CARON of Biddeford, DiPIETRO of South Portland, DONNELLY of Presque Isle, DORE of Auburn, FARNUM of South Berwick, FOSS of Yarmouth, GRAY of Sedgwick, HOGLUND of Portland, KUTASI of Bridgton, LINDAHL of Northport, MURPHY of Berwick, OTT of York, PLOWMAN of Hampden, RAND of Portland, SMALL of Bath, SPEAR of Nobleboro, YOUNG of Limestone, Senators: BALDACCI of Penobscot, CAREY of Kennebec, SUMMERS of Cumberland.

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

4 PART A

6 Sec. A-1. 36 MRSA Pt. 8, as amended, is repealed.

8 Sec. A-2. 36 MRSA Pt. 8-A is enacted to read:

10 PART 8-A

12 INCOME TAXES

14 CHAPTER 850

16 GENERAL PROVISIONS

18 §5501. Taxes imposed

20 A tax is imposed for each taxable year beginning on or after  
January 1, 1994 equal to 31% of a person's or corporation's  
federal income tax liability for that taxable year.

22 §5502. Federal tax code adopted

24 The Internal Revenue Code of 1986, 26 United States Code,  
Section 1, et seq., as amended and codified as of January 1,  
1993, is adopted as the substantive income tax law of the State.  
References in the Internal Revenue Code to the Commissioner of  
Internal Revenue are deemed to mean the State Tax Assessor,  
references to the Internal Revenue Service are deemed to mean the  
Bureau of Taxation and references to a federal trial or appellate  
court are deemed to mean the Superior Court.

34 §5203. Federal tax regulations adopted

36 All rules adopted by the State Tax Assessor pursuant to  
former Part 8 are repealed. Regulations promulgated by the  
federal Internal Revenue Service to implement the Internal  
Revenue Code of 1986, in effect on January 1, 1993, Title 26 Code  
of Federal Regulations, Section 1, et seq. are adopted as the  
State's rules governing the administration of this Part.  
References in the Internal Revenue regulations to the  
Commissioner of Internal Revenue are deemed to mean the State Tax  
Assessor, references to the Internal Revenue Service are deemed  
to mean the Bureau of Taxation and references to a federal trial  
or appellate court are deemed to mean the Superior Court.

48 **Sec. 8-A-1. Effective date; application.** This Part takes effect  
50 January 1, 1994 and applies to tax years beginning on and after  
that date.

2

## PART B

4       **Sec. B-1. Special commission established.** The Special Commission  
for the Implementation of a Conforming Tax Code, referred to in  
6 this Part as the "special commission," is established.

8       **Sec. B-2. Special commission membership.** The special  
commission consists of the following 8 members: three Certified  
10 Public Accountants, experienced in federal income tax preparation  
and administration, one to be appointed by the Governor, one to  
12 be appointed by the President of the Senate, and one to be  
appointed by the Speaker of the House of Representatives; 3  
14 attorneys at law experienced in federal income tax preparation  
and administration, one to be appointed by each of the above  
16 appointing authorities; and one Senator and one member of the  
House of Representatives from the membership of the Joint  
18 Standing Committee on Taxation, to be jointly appointed by the  
President of the Senate and the Speaker of the House of  
20 Representatives.

22       **Sec. B-3. Appointments; meetings.** All appointments must be  
made no later than 30 days following the effective date of this  
24 Act. The Executive Director of the Legislative Council must be  
notified by all appointing authorities once the selections have  
26 been made. When the appointments of all members have been  
completed, the Chair of the Legislative Council shall call and  
28 convene the first meeting of the special commission no later than  
October 15, 1993. The special commission shall select a chair  
30 from among its members.

32       **Sec. B-4. Duties.** The special commission shall recommend the  
establishment of an integrated system of statutes and rules to  
34 govern the administration of the State's income tax system that  
recognizes the unique needs of the State and its citizens and  
36 also conforms as closely as possible to the federal Internal  
Revenue Code of 1986, and all implementing regulations, rules,  
38 procedures and rulings adopted, promulgated or made pursuant to  
that Code.

40  
42       In developing its recommendations, the special commission  
may:

44       1. Meet at times and places the special commission  
determines necessary to conduct its work;

46  
48       2. Hold informational sessions for discussions with  
knowledgeable persons;

- 2                   3. Procure and analyze relevant data;
- 4                   4. Conduct legal research and prepare opinions on legal  
questions within the scope of the study; and
- 6                   5. Determine and summarize the legislative actions or  
governmental programs undertaken in other jurisdictions related  
8 to adoption of state tax codes that closely conform to the  
Internal Revenue Code.

10                   **Sec. B-5. Reimbursement.** The members of the special  
12 commission who are Legislators are entitled to the legislative  
per diem, as defined in the Maine Revised Statutes, Title 3,  
14 section 2, for each day's attendance at up to 5 special  
commission meetings and hearings. Legislators shall serve  
16 without compensation for further meetings or hearings and the  
other members of the special commission shall serve without  
18 compensation.

20                   **Sec. B-6. Report.** The special commission shall submit its  
report, together with any necessary implementing legislation and  
22 proposed rules, if any are determined necessary to supplement or  
replace the Internal Revenue regulations incorporated by  
24 reference in the Maine Revised Statutes, Title 36, section 5203,  
to the Second Regular Session of the 116th Legislature no later  
26 than December 15, 1993.

28                   **Sec. B-7. Appropriation.** The following funds are appropriated  
from the General Fund to carry out the purposes of this Part.

30  
32 1993-94

34	<b>LEGISLATURE</b>		
36	<b>Special Commission for the Implementation of a Conforming Tax Code</b>		
38	Personal Services	\$ 500	
40	All Other	1,000	
42	Provides for the appropriation of funds to		
44	the Special Commission for the		
46	Implementation of a Conforming Tax Code for		
48	the per diem and expenses of legislative		
50	members and for miscellaneous commission		
	expenses.		
	<b>LEGISLATURE</b>		
	<b>TOTAL</b>	<b>\$1,500</b>	

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## STATEMENT OF FACT

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6       The purpose of this bill is to repeal the State's current  
income tax system, which differs from the federal tax code and  
results in duplication of effort and expense for taxpayers. The  
8 bill establishes an interim tax system that incorporates the  
relevant provisions of the federal law which takes effect January  
10 1, 1994.

12

The Special Commission for the Implementation of a  
14 Conforming Tax Code is established to meet next fall and prepare  
a more detailed set of implementing statutes and rules and  
recommend other changes made necessary by the State's unique  
16 circumstances while retaining close conformity to the federal tax  
code.