

MAINE STATE LEGISLATURE

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R of S

L.D. 1458

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DATE: 3/18/96

(Filing No. H-783)

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TAXATION

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12 the House.

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
117TH LEGISLATURE
SECOND REGULAR SESSION**

18
20 COMMITTEE AMENDMENT "A" to H.P. 1039, L.D. 1458, Bill, "An
Act to Provide a New Jobs Tax Credit"

22 Amend the bill in section 3 in that part designated
24 "~~§5215-A.~~" in subsection 1 by inserting after paragraph A the
following:

26 'B. "New employee income" means the total wages paid by the
28 taxpayer to those employees whose employment by the taxpayer
results in a credit under this section.'

30 Further amend the bill in section 3 in that part designated
32 "~~§5215-A.~~" in subsection 3 by striking out all of paragraphs A
and B and inserting in their place the following:

34 'A. For a tax year beginning on or after January 1, 1996,
36 the credit is an amount equal to 50% of the excess of the
38 aggregate Maine Employment Security Commission wages paid
during that tax year over 102% of the aggregate Maine
40 Employment Security Commission wages paid during the tax
year immediately preceding that tax year.'

42 Further amend the bill in section 3 in that part designated
44 "~~§5215-A.~~" in subsection 4 in the 2nd and 3rd lines (page 1,
46 lines 47 and 48 in L.D.) by striking out the following: "with
48 respect to a taxable year beginning in 1996 or 1997" and in the
last 2 lines (page 2, lines 1 and 2 in L.D.) by striking out the
following: "1996 or 1997" and inserting in its place the
following: 'that tax year'

COMMITTEE AMENDMENT

A. d. S.

COMMITTEE AMENDMENT "A" to H.P. 1039, L.D. 1458

2 Further amend the bill in section 3 in that part designated
"§5215-A." in subsection 5 in the 3rd line (page 2, line 6 in
L.D.) by striking out the following: "taxable" and inserting in
4 its place the following: 'tax'

6 Further amend the bill in section 3 in that part designated
"§5215-A." by striking out all of subsection 6 and inserting in
8 its place the following:

10 '6. Limitations. For the purposes of this section, the
following limitations apply.

12 A. A taxpayer with more than 50 employees at any time
14 during the tax year does not qualify for a credit under this
section.

16 B. The amount of the credit determined under this section
18 may not exceed \$2,000 for any taxpayer whose average new
20 employee income is less than the average annual per capita
income in the labor market area in which the new jobs are
22 located.

24 C. The amount of the credit determined under this section
may not exceed \$3,000 for any taxpayer whose average new
26 employee income is equal to or greater than the average
annual per capita income in the labor market area in which
the new jobs are located.

28 D. A taxpayer may not claim a credit under this section if
30 the taxpayer is claiming either a credit under section 5215
or reimbursement of any amount of an employee's withholding
32 taxes pursuant to any other tax incentive program.

34 E. The credit allowed under this section for any tax year
may not reduce the tax due to less than zero.'

36 Further amend the bill in section 3 in that part designated
38 "§5215-A." in subsection 9 in paragraph A in the 4th line from
the end (page 3, line 3 in L.D.) by striking out the following:
40 "United States Internal Revenue"

42 Further amend the bill in section 3 in that part designated
"§5215-A." in subsection 9 in paragraph C in subparagraph (1) in
44 the first line (page 3, line 20 in L.D.) by striking out the
following: "1994" and inserting in its place the following: '1995'
46

48 Further amend the bill in section 3 in that part designated
"§5215-A." in subsection 9 in paragraph C in subparagraph (2) in
the first line (page 3, line 34 in L.D.) by striking out the
50 following: "1994" and inserting in its place the following: '1995'

COMMITTEE AMENDMENT

RWS

COMMITTEE AMENDMENT "A" to H.P. 1039, L.D. 1458

2 Further amend the bill in section 3 in that part designated
3 "~~§5215-A.~~" in subsection 9 in paragraph D in the 2nd and 3rd
4 lines (page 3, lines 49 and 50 in L.D.) by striking out the
5 following: "United States Internal Revenue"

6
7 Further amend the bill in section 3 in that part designated
8 "~~§5215-A.~~" in subsection 9 by striking out all of paragraph E and
9 inserting in its place the following:

10
11 'E. If during any calendar year an individual has net
12 earnings from self-employment, as defined in the Code,
13 Section 1402(a) and all subsequent amendments, that are
14 attributable to a trade or business and for any portion of
15 the succeeding calendar year the individual is an employee
16 of that trade or business, then, for purposes of determining
17 the credit allowable for a tax year beginning in a
18 succeeding calendar year, the employer's aggregate Maine
19 Employment Security Commission wages for the calendar year
20 must be increased by an amount equal to the amount of those
21 net earnings, not to exceed \$7,000.'

22
23 Further amend the bill in section 3 in that part designated
24 "~~§5215-A.~~" in subsection 9 in paragraph F in the 2nd line (page
25 4, line 17 in L.D.) by striking out the following: "United States
26 Internal Revenue"

27
28 Further amend the bill in section 3 in that part designated
29 "~~§5215-A.~~" in subsection 9 in paragraph F in the 4th line (page
30 4, line 19 in L.D.) by striking out the following: "taxable" and
31 inserting in its place the following: 'tax' and in the 6th line
32 (page 21 in L.D.) by striking out the following: "taxable" and
33 inserting in its place the following: 'tax'

34
35 Further amend the bill in section 3 in that part designated
36 "~~§5215-A.~~" in subsection 9 in paragraph G in the 2nd line (page
37 4, line 26 in L.D.) by striking out the following: "taxable" and
38 inserting in its place the following: 'tax' and in the 7th line
39 (page 4, line 31 in L.D.) by striking out the following:
40 "\$10,000" and in the 10th line (page 4, line 34 in L.D.) by
41 striking out the following: "\$10,000" and inserting in its place
42 the following: 'the amount specified in subsection 6'

43
44 Further amend the bill in section 3 in that part designated
45 "~~§5215-A.~~" in subsection 9 by striking out all of paragraph H.

46
47 Further amend the bill in section 3 in that part designated
48 "~~§5215-A.~~" by inserting after subsection 9 the following:

49
50 '10. Repeal. This section is repealed January 1, 2001.'

A. of S.

2 Further amend the bill by inserting at the end before the
statement of fact the following:

4 'Sec. 4. Appropriation. The following funds are appropriated
6 from the General Fund to carry out the purposes of this Act.

8 1996-97

10 **ADMINISTRATIVE AND FINANCIAL**
12 **SERVICES, DEPARTMENT OF**

14 **Bureau of Taxation**

16	Positions - Legislative Count	(2.0)
16	Personal Services	\$32,255
18	All Other	23,581
18	Capital Expenditures	11,138

20	TOTAL	\$66,974
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22 Provides funds for 2 Revenue Agent positions
24 and associated administrative costs to
26 process, administer and audit claims for the
new jobs tax credit effective January 1,
1997.'

28 Further amend the bill by inserting at the end before the
30 statement of fact the following:

32 **'FISCAL NOTE**

34 1996-97

36 **APPROPRIATIONS/ALLOCATIONS**

38	General Fund	\$66,974
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42 **REVENUES**

44	General Fund	(\$1,855,105)
46	Other Funds	(99,695)

48 The additional income tax exemption for creating new jobs
will decrease General Fund revenue by \$1,855,105 in fiscal year

R. of S.

COMMITTEE AMENDMENT "A" to H.P. 1039, L.D. 1458

1996-97. The corresponding decrease in revenue to the Local
2 Government Fund for state-municipal revenue sharing will be
\$99,695. The annual decreases in General Fund revenue are
4 estimated to be about \$2,000,000 through fiscal year 2000-01 when
the credit is repealed. The corresponding annual decreases in
6 dedicated revenue to the Local Government Fund for
state-municipal revenue sharing will be approximately \$102,000
8 annually.

10 The Bureau of Taxation will require an additional General
Fund appropriation of \$66,974 in fiscal year 1996-97 for 2
12 Revenue Agents and associated administrative costs to process,
administer and audit claims for the new jobs tax credit beginning
14 January 1, 1997. The full-year costs for these positions will be
approximately \$80,000 beginning in fiscal year 1997-98.'

18 **STATEMENT OF FACT**

20 This amendment expands the number of years for which a new
jobs tax credit can be earned, reduces the amount of the credit
22 that can be claimed by a taxpayer in any one year and makes some
minor technical changes to the bill.

24 This amendment also adds an appropriation and a fiscal note
26 to the bill.

COMMITTEE AMENDMENT