

MAINE STATE LEGISLATURE

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M
R. S.

L.D. 1950

DATE: *March 30, 1998*

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STATE OF MAINE
SENATE
118TH LEGISLATURE
SECOND REGULAR SESSION

SENATE AMENDMENT "J" to COMMITTEE AMENDMENT "A" to H.P. 1397, L.D. 1950, Bill, "An Act to Make Supplemental Appropriations and Allocations for the Expenditures of State Government and Changes to Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 1998 and June 30, 1999"

Amend the amendment by inserting after Part DDD the following:

PART EEE

Sec. EEE-1. 36 MRSA §1752, sub-§3-B, as amended by PL 1991, c. 846, §17, is further amended 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, rolls and unflavored matzo; 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 drinks; spices, condiments, including jams, jellies and peanut butter, salt and sugar; coffee and tea; and unroasted nuts.

"Grocery staples" does not include spirituous, malt or vinous liquors; soft drinks, iced tea, sodas or beverages such as are ordinarily dispensed at bars or soda fountains or in connection with bars or soda fountains; medicines, tonics, vitamins and

preparations in liquid, powdered, granular, tablet, capsule,
lozenge or pill form, sold as dietary supplements or adjuncts,
except when sold on the prescription of a physician; water,
including mineral bottled and carbonated waters and ice; dietary
substitutes; ~~snack-feed;~~ candy and confections, chewing gum, ice
cream novelties; frozen confections; and prepared food.

Sec. EEE-2. 36 MRSA §1752, sub-§14-C, as enacted by PL 1991,
c. 591, Pt. WW, §2 and affected by §4, is repealed.

Sec. EEE-3. 36 MRSA §5111, sub-§§1-A, 2-A and 3-A, as enacted
by PL 1991, c. 591, Pt. YY, §2 and affected by §7, are amended to
read:

**1-A. 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 \$4,050 <u>\$4,150</u>	2% of the Maine taxable income
At least \$4,050 <u>\$4,150</u> but less than \$8,100 <u>\$8,250</u>	\$81 <u>\$83</u> plus 4.5% of the excess over \$4,050 <u>\$4,150</u>
At least \$8,100 <u>\$8,250</u> but less than \$16,200 <u>\$20,000</u>	\$263 <u>\$268</u> plus 7% of the excess over \$8,100 <u>\$8,250</u>
\$16,200 <u>\$20,000</u> or more	\$830 <u>\$1,091</u> plus 8.5% of the excess over \$16,200 <u>\$20,000</u>

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

If Maine taxable income is:	The tax is:
Less than \$6,100 <u>\$6,200</u>	2% of the Maine taxable income
At least \$6,100 <u>\$6,200</u> but less than \$12,150 <u>\$12,400</u>	\$122 <u>\$124</u> plus 4.5% of the excess over \$6,100 <u>\$6,200</u>

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2 At least ~~\$12,150~~ \$12,400 but ~~\$394~~ \$403 plus
less than ~~\$24,300~~ \$30,000 7% of the
4 excess over
~~\$12,150~~ \$12,400
6
7 ~~\$24,300~~ \$30,000 or more ~~\$1,245~~ \$1,636
8 plus 8.5% of the
excess over
10 ~~\$24,300~~ \$30,000

12 **3-A. Individuals filing married joint return or surviving**
spouses. For individuals filing married joint returns or
14 surviving spouses permitted to file a joint return:

16 If Maine taxable income is: The tax is:
18 Less than ~~\$8,100~~ \$8,250 2% of the Maine
taxable income
20 At least ~~\$8,100~~ \$8,250 but ~~\$162~~ \$165 plus
22 less than ~~\$16,200~~ \$16,500 4.5% of the
excess over
24 ~~\$8,100~~ \$8,250
26 At least ~~\$16,200~~ \$16,500 but ~~\$527~~ \$536 plus
less than ~~\$32,400~~ \$40,000 7% of the
28 excess over
~~\$16,200~~ \$16,500
30 ~~\$32,400~~ \$40,000 or more ~~\$1,661~~ \$2,181
32 plus 8.5% of the
excess over
34 ~~\$32,400~~ \$40,000

36 **Sec. EEE-4. 36 MRSA §5126, first ¶,** as amended by PL 1997, c.
24, Pt. E, §2, is further amended to read:

38
39 A For income tax years beginning on or after January 1, 1998
40 but before January 1, 1999, a resident individual is allowed
41 \$2,100 \$2,400 for each exemption to which the individual is
42 entitled for the taxable year for federal income tax purposes,
unless the taxpayer is claimed as a dependent on another return.
44 Ne For income tax years beginning on or after January 1, 1999, a
45 resident individual is allowed \$2,750 for each exemption to which
46 the individual is entitled for the taxable year for federal
47 income tax purposes, unless the taxpayer is claimed as a
48 dependent on another return. An additional exemption may-be is
49 not allowed for taxpayers over 65 years of age or blind. The
50 nominal-dollar-amount-of-this-section-is-subject-to-adjustment

RWS

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~~pursuant to Title 5, section 1518,~~

2

Sec. EEE-5. 36 MRSA §5126, 2nd ¶, as enacted by PL 1997, c.
4 24, Pt. E, §2, is amended to read:

6

For tax years beginning on or after January 1, ~~1999~~ 2000,
the nominal dollar amount of this section is also subject to
8 annual adjustment by multiplying it by the percentage adjustment
factor defined in section 5402, subsection 2 and rounded down to
10 the nearest \$50. If any adjustment is made pursuant to this
paragraph, it is effective for the current taxable year and is
12 incorporated into the income tax forms and instructions of the
State Tax Assessor for that taxable year.

14

Sec. EEE-6. 36 MRSA §5219-N, sub-§1, as enacted by PL 1997,
16 c. 557, Pt. E, §1 and affected by Pt. E, §2 and Pt. G, §1, is
amended to read:

18

1. Generally. Except as otherwise provided by this
20 section, ~~an individual whose state taxable income is \$2,000 or~~
~~less is allowed~~ a credit equal to the amount of the tax otherwise
22 imposed ~~on that individual~~ by this Part is allowed as follows.
In no case may the credit allowed by this section reduce an
24 individual's state income tax liability to less than zero. The
following persons are entitled to a credit under this subsection:

26

A. For tax years beginning in 1998:

28

(1) Single individuals and married persons filing
30 separate returns with Maine taxable income below \$4,150;

32

(2) Heads of households with Maine taxable income
below \$6,200; and

34

(3) Individuals filing married joint returns or
36 surviving spouses with Maine taxable income below
\$8,250; and

38

B. For tax years beginning in 1999:

40

(1) Single individuals and married persons filing
42 separate returns with Maine taxable income below \$8,250;

44

(2) Heads of households with Maine taxable income
below \$12,400; and

46

(3) Individuals filing married joint returns or
48 surviving spouses with Maine taxable income below
\$16,500.

2 **Sec. EEE-7. Application.** That section of this Part that
amends the Maine Revised Statutes, Title 36, section 5111 applies
4 to tax years beginning on or after January 1, 1998.

6 **Sec. EEE-8. Effective date.** That section of this Part that
amends the Maine Revised Statutes, Title 36, section 1752,
8 subsection 3-B and that section of this Part that repeals Title
36, section 1752, subsection 14-C take effect January 1, 1999.

10
12 **PART FFF**

14 **Sec. FFF-1. Transfer from the Maine Rainy Day Fund.**
Notwithstanding the Maine Revised Statutes, Title 5, section
1585, the State Controller shall transfer \$7,497,198 from the
16 Maine Rainy Day Fund to the Capital Construction and Improvements
Reserve Fund to renovate, construct and expand the Maine Criminal
18 Justice Academy at the Oak Grove Coburn Campus on the effective
date of this Act.

20 **Sec. FFF-2. Transfer of funds.** Notwithstanding the Maine
Revised Statutes, Title 5, section 1585, or any other provision
22 of law, the State Controller is authorized to transfer
\$47,051,828 from the Tax Relief Fund for Maine Residents to the
24 General Fund unappropriated surplus in fiscal year 1998-99.

26 **Sec. FFF-3. Transfer of funds.** Notwithstanding the Maine
Revised Statutes, Title 5, section 1585, or any other provision
28 of law, the State Controller is authorized to transfer
\$29,865,165 from the Tobacco Tax Relief Fund to the General Fund
30 unappropriated surplus in fiscal year 1998-99.'

32
Further amend the amendment by relettering or renumbering
34 any nonconsecutive Part letter or section number to read
consecutively.

36
38 **FISCAL NOTE**

This amendment will have no net effect on General Fund
40 appropriations and revenue and a balanced budget is maintained
for fiscal year 1997-98 and fiscal year 1998-99.

42
44 **SUMMARY**

46 This amendment repeals the snack tax, effective January 1,
1999, but leaves intact the taxation of those items that were
48 taxable prior to the enactment of the snack tax.

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2 This amendment also expands the individual income tax 7%
3 bracket for all categories of filers by raising the Maine taxable
4 income that applies to that bracket and the 8.5% bracket.

6 This amendment also increases the individual income tax
7 personal exemption in a 2-step process in an attempt to conform
8 with the federal individual income tax personal exemption.

10 This amendment also expands the low-income tax credit
11 originally established in Public Law 1997, chapter 557, Part E,
12 section 1.

14 This amendment funds the repeal of the snack tax, the
15 expansion of the 7% tax bracket and the increase in the personal
16 exemption and low-income tax credit with funding from the Maine
17 Rainy Day Fund.

18
19
20 SPONSORED BY: Jane A. Amaro

(Senator AMARO)

22 COUNTY: Cumberland
24