

# MAINE STATE LEGISLATURE

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DATE: 3-12-98

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**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
118TH LEGISLATURE  
SECOND REGULAR SESSION**

HOUSE AMENDMENT 'E' to COMMITTEE AMENDMENT "A" to H.P. 1589, L.D. 2219, Bill, "An Act to Reduce Income and Property Taxes"

Amend the amendment by striking out everything after the title and before the 2nd paragraph before the fiscal note and inserting in its place the following:

'Amend the bill by striking out sections 2 to 4 and inserting in their place the following:

'Sec. 2. 36 MRSA §5111, sub-§1-A, as enacted by PL 1991, c. 591, Pt. YY, §2 and affected by §7, is 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	2% of the Maine taxable income
At least \$4,050 but less than \$8,100	\$81 plus 4.5% of the excess over \$4,050
At least \$8,100 but less than \$16,200	\$263 plus 7% of the excess over \$8,100
\$16,200 or more	\$830 plus <del>8.5%</del> 8% of the excess over \$16,200

**HOUSE AMENDMENT**

2           **Sec. 3. 36 MRSA §5111, sub-§§2-A and 3-A**, as enacted by PL  
4 1991, c. 591, Pt. YY, §4 and affected by §7, are amended to read:

6           **2-A. Heads of households.** For unmarried individuals or  
legally separated individuals who qualify as heads of households:

8           If Maine taxable income is:	The tax is:
10          Less than \$6,100	2% of the Maine taxable income
12          At least \$6,100 but 14          less than \$12,150	\$122 plus 4.5% of the excess over \$6,100
16          At least \$12,150 but 18          less than \$24,300	\$394 plus 7% of the excess over \$12,150
20          \$24,300 or more	\$1,245 plus 8+5% <u>8%</u> of the excess over \$24,300

26           **3-A. Individuals filing married joint return or surviving**  
28 **spouses.** For individuals filing married joint returns or  
surviving spouses permitted to file a joint return:

30          If Maine taxable income is:	The tax is:
32          Less than \$8,100	2% of the Maine taxable income
34          At least \$8,100 but 36          less than \$16,200	\$162 plus 4.5% of the excess over \$8,100
38          At least \$16,200 but 40          less than \$32,400	\$527 plus 7% of the excess over \$16,200
42          \$32,400 or more	\$1,661 plus 8+5% <u>8%</u> of the excess over \$32,400

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

2 A resident individual is allowed \$2,100 for each exemption  
to which the individual is entitled for the taxable year for  
4 federal income tax purposes, unless the taxpayer is claimed as a  
dependent on another return. No For income tax years beginning  
6 on or after January 1, 1998, a resident individual is allowed  
8 \$2,750 for each exemption to which the individual is entitled for  
10 the taxable year for federal income tax purposes, unless the  
12 taxpayer is claimed as a dependent on another return. An  
additional exemption ~~may be~~ is not allowed for taxpayers over 65  
years of age or blind. ~~The nominal dollar amount of this section~~  
~~is subject to adjustment pursuant to Title 5, section 1518.~~

14 **Sec. 5. Application.** This Act applies to tax years beginning  
on or after January 1, 1998.' '

### 16 FISCAL NOTE

18 This amendment will increase the combined total cost of the  
20 bill to the General Fund and the Tax Relief Fund for Maine  
Residents by \$32,379,185 in fiscal year 1998-99, but decreases  
22 the costs by \$28,594,518 in fiscal year 1999-2000 and \$29,988,501  
in fiscal year 2000-01.

24 The elimination of the homestead exemption will decrease  
26 General Fund appropriations and future General Fund costs. The  
reductions of General Fund revenue, Tax Relief Fund for Maine  
28 Residents revenue and dedicated revenue to the Local Government  
Fund for state-municipal revenue sharing will be increased as a  
30 result of the elimination of the offset from the savings in  
itemized deductions in individual income taxes. The increase in  
32 the personal exemption and the change in the top bracket will  
decrease General Fund revenue, Tax Relief Fund for Maine  
34 Residents revenue and dedicated revenue to the Local Government  
Fund for state-municipal revenue sharing.

### 36 SUMMARY

38 This amendment does the following:

40 1. It eliminates the proposed Maine resident homestead  
42 property tax exemption;

44 2. It increases the personal tax exemption amount for  
46 Maine's individual income tax to \$2,750 for tax years beginning  
on or after January 1, 1998; and

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L.D. 2219

3. It decreases the top rate of tax imposed on Maine  
residents from 8.5% to 8%.

SPONSORED BY: Robert Cianchette  
(Representative CIANCHETTE)

TOWN: South Portland