

MAINE STATE LEGISLATURE

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

HOUSE AMENDMENT "F" 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 all of 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

HOUSE AMENDMENT

\$16,200 or more

\$830 plus
8.5% 8%
of the excess
over \$16,200

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

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~~

~~2%-of-the-Maine
taxable-income~~

~~At-least-\$6,100-but
less-than-\$12,150~~

~~\$122-plus-4.5%
of-the-excess
over-\$6,100~~

At least \$12,150 but
less than \$24,300

\$394 plus 7% of
the excess over
\$12,150

\$24,300 or more

\$1,245 plus
8.5% 8%
of the excess
over \$24,300

Sec. 4. 36 MRSA §5111, sub-§3-A, as enacted by PL 1991, c.
591, Pt. YY, §6 and affected by §7, is amended to read:

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

If Maine taxable income is:

The tax is:

~~Less-than-\$8,100~~

~~2%-of-the-Maine
taxable-income~~

~~At-least-\$8,100-but
less-than-\$16,200~~

~~\$162-plus-4.5%
of-the-excess
over-\$8,100~~

At least \$16,200 but
less than \$32,400

\$527 plus 7% of
the excess over
\$16,200

\$32,400 or more

\$1,661 plus

8.5% 8%
of the excess
over \$32,400

Sec. 5. 36 MRSA §5126, first ¶, as amended by PL 1997, c. 24,
Pt. E, §2, is further amended to read:

A resident individual is allowed \$2,100 for each exemption to which the individual is entitled for the taxable year for federal income tax purposes, unless the taxpayer is claimed as a dependent on another return. No For income tax years beginning on or after January 1, 1998, a resident individual is allowed \$2,750 for each exemption to which the individual is entitled for the taxable year for federal income tax purposes, unless the 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.

Sec. 6. Application. This Act applies to tax years beginning on or after January 1, 1998.'

FISCAL NOTE

This amendment will increase the combined total cost of the bill to the General Fund and the Tax Relief Fund for Maine Residents by \$59,427,302 in fiscal year 1998-99, but decreases the costs by \$193,995 in fiscal year 1999-2000 and \$167,952 in fiscal year 2000-01.

The elimination of the homestead exemption will decrease General Fund appropriations and future General Fund costs. The reductions of General Fund revenue, Tax Relief Fund for Maine Residents revenue and dedicated revenue to the Local Government Fund for state-municipal revenue sharing will be increased as a result of the elimination of the offset from the savings in itemized deductions in individual income taxes. The elimination of the bottom 2 brackets, the change in the top bracket and the increase in the personal exemption will decrease General Fund revenue, Tax Relief Fund for Maine Residents revenue and dedicated revenue to the Local Government Fund for state-municipal revenue sharing.

SUMMARY

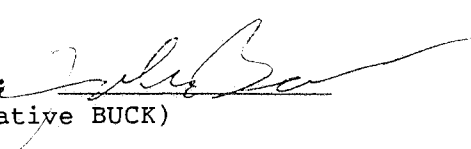
This amendment does the following:

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

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

3. It eliminates the bottom 2 tax rates imposed on Maine
residents, thus exempting from income tax those single
individuals and married persons filing separate returns who have
taxable income of less than \$8,100; heads of households who have
taxable income of less than \$12,150; and individuals filing
married joint returns or surviving spouses who have taxable
income of less than \$16,200; and

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

SPONSORED BY: 
(Representative BUCK)

TOWN: Yarmouth