

# MAINE STATE LEGISLATURE

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H. of S.

L.D. 103

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DATE: 3-29-99

(Filing No. H-119)

**TAXATION**

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**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
119TH LEGISLATURE  
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 90, L.D. 103, Bill, "An Act to Implement the Recommendations of the Commission to Study Poverty Among Working Parents with Regard to State Earned Income Credit"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

Sec. 1. 36 MRSA §5219-Q is enacted to read:

**§5219-Q. Earned income credit**

A taxpayer is allowed a credit against the taxes otherwise due under this Part equal to 5% of the federal earned income credit for the same taxable year. The credit may not reduce the state income tax to less than zero.

**Sec. 2. Application.** This Act applies to tax years beginning on or after January 1, 2000.

**Sec. 3. Appropriation.** The following funds are appropriated from the General Fund to carry out the purposes of this Act.

2000-01

**ADMINISTRATIVE AND FINANCIAL SERVICES,  
DEPARTMENT OF**

**Bureau of Revenue Services**

**COMMITTEE AMENDMENT**

R.S.

COMMITTEE AMENDMENT "A" to H.P. 90, L.D. 103

2	Positions - Legislative Count	(1,000)
	Personal Services	\$30,782
	All Other	35,875

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6 Provides funds for computer programming costs associated with modifications to the Maine Automated Tax System and for one Tax Examiner position and related costs to audit the eligibility of taxpayers for the earned income credit.

12 **DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

14 **TOTAL**

\$66,657'

16 Further amend the bill by inserting at the end before the summary the following:

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20 **FISCAL NOTE**

22		<b>1999-00</b>	<b>2000-01</b>
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24 **APPROPRIATIONS/ALLOCATIONS**

26	General Fund		\$66,657
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**REVENUES**

30	General Fund	(\$165,316)	(\$1,659,706)
32	Other Funds	(8,884)	(89,194)

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36 The earned income credit will decrease individual income tax collections by \$174,200 in fiscal year 1999-00 and \$1,748,900 in fiscal year 2000-01. The reduction of these tax collections will decrease the amounts transferred to the Local Government Fund for state-municipal revenue sharing in those years by \$8,884 and \$89,194, respectively. The resulting net reductions of General Fund revenue will be \$165,316 in fiscal year 1999-00 and \$1,659,706 in fiscal year 2000-01.

44 The Bureau of Revenue Services will incur additional costs estimated to be \$66,657 in fiscal year 2000-01 for computer programming costs to modify the Maine Automated Tax System and for one Tax Examiner position, effective January 1, 2001, to audit the eligibility of taxpayers claiming the credit. Future costs are estimated to be approximately \$70,000 annually. An additional General Fund appropriation is included to fund these additional costs for fiscal year 2000-01.'

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### SUMMARY

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This amendment replaces the original bill and creates a state earned income credit equal to 5% of the federal earned income credit. The credit is nonrefundable. The amendment also changes the application date and adds an appropriation and fiscal note to the bill.

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