

MAINE STATE LEGISLATURE

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R 103

L.D. 103

DATE: 2-23-00

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TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
119TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "B" 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-S is enacted to read:

§5219-S. 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 "B" to H.P. 90, L.D. 103

2		
	Positions - Legislative Count	(1,000)
4	Personal Services	\$16,041
	All Other	36,725
6		
8	Provides funds for computer programming	
	costs associated with modifications to the	
10	Maine Automated Tax System and for one Tax	
	Examiner position and related costs to audit	
12	the eligibility of taxpayers for the earned	
	income credit.	
14	DEPARTMENT OF ADMINISTRATIVE AND	
	FINANCIAL SERVICES	
16	TOTAL	<u>\$52,766'</u>

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

22 **FISCAL NOTE**
24 **2000-01**

26 **APPROPRIATIONS/ALLOCATIONS**

28	General Fund	\$52,766
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30 **REVENUES**

32	General Fund	(\$1,241,476)
34	Other Funds	(66,718)

36 The earned income credit will decrease individual income tax
38 collections by \$1,308,194 in fiscal year 2000-01. The reduction
40 of these tax collections will decrease the amounts transferred to
42 the Local Government Fund for state-municipal revenue sharing in
that year by \$66,718. The resulting net reductions of General
Fund revenue will be \$1,241,476 in fiscal year 2000-01.

44 The Department of Administrative and Financial Services,
46 Bureau of Revenue Services will incur additional costs estimated
48 to be \$52,766 in fiscal year 2000-01 for computer programming
costs to modify the Maine Automated Tax System and for one Tax
50 Examiner position, effective January 1, 2001, to audit the
eligibility of taxpayers claiming the credit. Future costs are
estimated to be approximately \$34,000 annually. An additional
General Fund appropriation is included to fund these additional
costs for fiscal year 2000-01.'

COMMITTEE AMENDMENT

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SUMMARY

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6 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
8 changes the application date and adds an appropriation and fiscal
note to the bill.