

MAINE STATE LEGISLATURE

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L.D. 579

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DATE: April 12, 1999

(Filing No. S-84)

TAXATION

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**STATE OF MAINE
SENATE
119TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A " to S.P. 186, L.D. 579, Bill, "An Act to Encourage Contributions to Family Development Account Reserve Funds"

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

Sec. 1. 10 MRSA §1079, sub-§3, as enacted by PL 1997, c. 518, §2, is amended to read:

3. Duties; report. The committee shall meet at least -4- 2 times per year to study and evaluate the effectiveness of family development accounts in this State and other states; make recommendations with respect to changes in law, rule or policy that will enhance the ability of account holders to improve their economic security; and advise the authority, relevant state agencies, community development organizations and the Legislature as to its findings. The committee shall provide a comprehensive report to the joint standing committee of the Legislature having jurisdiction over business and economic development matters and the joint standing committee of the Legislature having jurisdiction over health and human services matters by March 1st of each year, beginning in 1999.

Sec. 2. 36 MRSA §198, sub-§4, ¶F, as enacted by PL 1985, c. 430, §3, is amended to read:

F. Section 5202-A; and

2 **Sec. 3. 36 MRSA §198, sub-§4, ¶G,** as amended by PL 1989, c.
508, §7, is repealed.

4 **Sec. 4. 36 MRSA §198, sub-§4, ¶¶I, J, K, L, N and O,** as enacted by
PL 1989, c. 508, §7, are repealed.

6 **Sec. 5. 36 MRSA §198, sub-§4, ¶P** is enacted to read:

8 P. Chapter 822.

10 **Sec. 6. 36 MRSA §5216-C** is enacted to read:

12 **§5216-C. Contributions to family development account reserve**
14 **funds**

16 **1. Credit allowed.** A taxpayer who contributes to a family
18 development account reserve fund as defined in Title 10, section
1075 is allowed a credit against the tax imposed by this Part
equal to the lower of:

20 A. Twenty-five thousand dollars; or

22 B. Fifty percent of the amount contributed by the taxpayer.

24 Only one credit may be claimed on each annual income tax return
26 regardless of filing status. The credit allowed under this
section may not reduce the tax to less than 0 and must be applied
28 after allowance for all other eligible credits. A taxpayer who
claims a credit under this section may not claim an itemized
30 charitable deduction under section 5125 for the amount of the
contribution that qualified for the credit.

32 **2. Aggregate limitation.** The total amount of contributions
34 that may be claimed as credits under this section in a state
fiscal year is limited to \$200,000.

36 **3. Verification of eligibility.** The Finance Authority of
38 Maine, referred to in this section as the "authority," shall
verify all claims for a credit under this section and shall
40 provide the assessor with a list of all eligible claimants. The
list must be prioritized based upon the date of the eligible
42 contribution. The authority may establish procedures requiring
submission of information necessary to verify eligibility by
44 family development account reserve fund administrators.

46 **Sec. 7. Application.** This Act applies to taxable years
beginning on or after January 1, 2000.'

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

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FISCAL NOTE

1999-00 2000-01

REVENUES

General Fund	(\$3,322)	(\$37,011)
Other Funds	(178)	(1,989)

The income tax credit in this bill will decrease individual and corporate income tax collections by \$3,500 in fiscal year 1999-00 and \$39,000 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 \$178 and \$1,989, respectively. The resulting net reductions of General Fund revenue will be \$3,322 in fiscal year 1999-00 and \$37,011 in fiscal year 2000-01.

The Finance Authority of Maine will incur some minor additional costs to verify claims for these income tax credits. These costs can be absorbed within the authority's existing budgeted resources.'

SUMMARY

This amendment replaces the original bill. The amendment clarifies the intent of the original bill by correcting references to the agency administering family development reserve accounts, providing that only one credit may be claimed by return, ensuring that a contribution eligible for a credit may not also be eligible for an itemized deduction, providing that the credit is not refundable and providing an application date of January 1, 2000. The bill also updates references in the statutes to periodic statutory review of income tax expenditures.