

MAINE STATE LEGISLATURE

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M
A. 9. 8

L.D. 617

DATE: 6-1-99

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

HOUSE AMENDMENT "J" to COMMITTEE AMENDMENT "A" to H.P. 454, L.D. 617, Bill, "An Act to Make Supplemental Appropriations and Allocations for the Expenditures of State Government and to Change Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2000 and June 30, 2001"

Amend the amendment by inserting at the end before the emergency clause the following:

PART UUU

Sec. UUU-1. 5 MRSA §1519 is enacted to read:

§1519. Low-income Tax Reserve

1. Low-income Tax Reserve; established. There is established in the General Fund the Low-income Tax Reserve, referred to in this section as the "reserve." The purpose of this reserve is to accumulate funds to provide an income tax exemption, pursuant to Title 36, section 5111-C. Any funds remaining in the reserve at the end of each fiscal year must be carried forward to be used for the same purpose. The State Controller shall transfer to the General Fund the amounts determined by the State Tax Assessor to be the General Fund revenue loss associated with the implementation of Title 36, section 5111-C.

2. Funding of reserve. Notwithstanding any other provision of law, at the close of each fiscal year, the State Controller shall transfer from the unappropriated surplus of the General Fund the remaining amount of the total of excess General Fund revenues received over accepted estimates in that fiscal year as the next priority after transfers made pursuant to sections 1513 and 1517.

H. of S.

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Sec. UUU-2. 36 MRS §5111-C is enacted to read:

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§5111-C. Tax exemption for income earned at \$6.50 per hour or less

Notwithstanding section 5111, all income earned at a rate of \$6.50 per hour or less is exempt from the imposition of income tax. For purposes of this section, the hourly rate of pay is that paid by the employer for actual wages earned.

The exemption provided by this section may be provided for a tax year only if the State Tax Assessor annually certifies to the joint standing committees of the Legislature having jurisdiction over appropriations and financial affairs and taxation matters that there are sufficient funds in the Low-income Tax Reserve established in Title 5, section 1519 to offset the revenue loss associated with the implementation of this section.'

Further amend the amendment by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

FISCAL NOTE

This amendment establishes a reserve fund within the General Fund for the purpose of providing a tax exemption for income earned at \$6.50 per hour or less. This income tax exemption will represent a reduction of individual income tax revenue. This income tax exemption will only be implemented for a tax year if sufficient amounts have been transferred into the reserve fund from excess General Fund revenues to fully fund the loss of General Fund revenue associated with the tax exemption. The amount of the revenue loss associated with this income tax exemption and whether sufficient amounts will be transferred to the reserve fund to implement this new income tax exemption can not be determined at this time.

SUMMARY

This amendment provides an exemption from the personal income tax for income earned at a rate of \$6.50 per hour or less. This amendment establishes the Low-income Tax Reserve to


R. of S.

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2 receive any unappropriated revenue after transfers to the Maine
Rainy Day Fund and the Retirement Allowance Fund have been made.
4 The income tax exemption takes effect only if there are
sufficient funds in the Low-income Tax Reserve to offset the
6 revenue lost by the tax exemption.

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SPONSORED BY: _____
(Representative MACK) 

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TOWN: Standish

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HOUSE AMENDMENT