

MAINE STATE LEGISLATURE

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DATE: May 3, 1999

(Filing No. S-173)

TAXATION

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

COMMITTEE AMENDMENT "A" to S.P. 308, L.D. 910, Bill, "An Act to Amend the Tax Law Regarding Tax Liability of Innocent Spouses"

Amend the bill by striking out the title and substituting the following:

'An Act to Amend the Tax Law Regarding Tax Liability of Innocent or Injured Spouses'

Further 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 §5287 is enacted to read:

§5287. Liability of certain spouses

The assessor may relieve the liability under this Part of a spouse who meets the qualifications for relief under the following provisions whether or not a claim for federal relief was made. The assessor may grant relief for:

1. Innocent spouses. A spouse who meets the qualifications for relief under section 6015 of the Code; or

2. Injured spouses. A spouse who meets the qualifications for relief of an injured spouse under Internal Revenue Service procedures.

Sec. 2. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

COMMITTEE AMENDMENT

	1999-00	2000-01
2		
4	ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF	
6	Bureau of Revenue Services	
8	Positions - Legislative Count	(1,000) (1,000)
	Personal Services	\$15,391 \$31,806
10	All Other	28,675 5,375
12	Provides funds for a Tax Examiner position, effective	
14	January 1, 2000, and related expenses and for computer	
16	programming costs to modify the Maine Automated Tax	
18	System.	
20	DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES	
22	TOTAL	<u>\$44,066</u> <u>\$37,181</u>

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

28 **FISCAL NOTE**

	1999-00	2000-01
30		
32	APPROPRIATIONS/ALLOCATIONS	
34	General Fund	\$44,066 \$37,181
36	REVENUES	
38	General Fund	(\$37,267) (\$53,239)
	Other Funds	(2,003) (2,861)

40 The authority of the State Tax Assessor to relieve income
 42 tax liability of innocent or injured spouses will decrease
 44 individual income tax collections by \$39,270 in fiscal year
 46 1999-00 and \$56,100 in fiscal year 2000-01. The reduction of
 48 these tax collections will decrease the amounts transferred to
 the Local Government Fund for state-municipal revenue sharing in
 those years by \$2,003 and \$2,861, respectively. The resulting
 net reductions of General Fund revenue will be \$37,267 in fiscal
 year 1999-00 and \$53,239 in fiscal year 2000-01.

50 The Bureau of Revenue Services will incur additional costs

2 estimated to be \$44,066 and \$37,181 in fiscal years 1999-00 and
4 update and alter accounts to adjust tax liabilities and to audit
6 returns and for computer programming expenses. The bureau has
8 requested additional General Fund appropriations, which are
10 included in this bill, to fund these additional costs.'

SUMMARY

12 This amendment provides the State Tax Assessor with
14 discretionary authority to relieve the income tax liability of
16 innocent or injured spouses who meet the qualifications for
18 relief for federal income tax purposes. Innocent spouses are
20 entitled to relief if there was a substantial understatement of
tax attributable to grossly erroneous tax items of the other
spouse and the spouse requesting relief had no reason to be aware
of the understatement. An injured spouse is entitled to relief
from offset against a refund due to the obligation of a debtor
spouse.