

MAINE STATE LEGISLATURE

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DATE: June 3, 1999 (Filing No. S- 407)

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

SENATE AMENDMENT "A" to H.P. 1053, L.D. 1484, Bill, "An Act to Conform the Maine Tax Laws for 1998 With the United States Internal Revenue Code"

Amend the bill by inserting after section 1 the following:

Sec. 2. 36 MRSA §5122, sub-§1, ¶J, as amended by PL 1997, c. 746, §2 and affected by §24, is further amended to read:

J. The amount claimed as a business expense that is included in the investment credit for the high-technology investment tax credit; and

Sec. 3. 36 MRSA §5122, sub-§1, ¶K, as enacted by PL 1997, c. 746, §3 and affected by §24, is amended to read:

K. For income tax years beginning on or after January 1, 1997, all items of loss, deduction and other expense of a financial institution subject to the tax imposed by section 5206, to the extent that those items are passed through to the taxpayer for federal income tax purposes, including, if the financial institution is an S corporation, the taxpayer's pro rata share and, if the financial institution is a partnership or limited liability company, the taxpayer's distributive share. An addition may not be made under this paragraph for any losses recognized on the disposition by a taxpayer of an ownership interest in a financial institution; and

Sec. 4. 36 MRSA §5122, sub-§1, ¶L is enacted to read:

R. 0. 8.

2 L. For income tax years beginning on or after January 1,
 4 1999, but before January 1, 2000, an amount equal to 25% of
 6 any amount allowed to a self-employed individual as a
 8 deduction for health insurance expenses pursuant to Section
 10 162(1) of the Code; for income tax years beginning on or
 12 after January 1, 2000, but before January 1, 2002, an amount
 14 equal to 16.67% of any amount allowed as a deduction
 16 pursuant to Section 162(1) of the Code; for income tax years
 18 beginning on or after January 1, 2002, but before January 1,
 20 2003, an amount equal to 14.28% of any amount allowed as a
 deduction pursuant to Section 162(1) of the Code; for income
 tax years beginning on or after January 1, 2003, but before
 January 1, 2006, an amount equal to 20% of any amount
 allowed as a deduction pursuant to Section 162(1) of the
 Code; and for income tax years beginning on or after January
 1, 2006, but before January 1, 2007, an amount equal to 10%
 of any amount allowed as a deduction pursuant to Section
 162(1) of the Code.'

22 Further amend the bill by relettering or renumbering any
 24 nonconsecutive Part letter or section number to read
 26 consecutively.

FISCAL NOTE

28 This amendment changes laws regarding conformity for the
 30 deductibility of health insurance expenses for self-employed
 32 taxpayers, which resulted in reductions of individual income tax
 34 collections. As amended, this bill will increase individual
 36 income and corporate income tax collections by \$193,396 in fiscal
 38 year 1999-00 and \$132,464 in fiscal year 2000-01. The net
 reduction of these tax collections will decrease the amounts
 transferred to the Local Government Fund for state-municipal
 revenue sharing in those years by \$9,863 and \$6,756,
 respectively. The resulting net reductions of General Fund
 revenue will be \$183,533 in fiscal year 1999-00 and \$125,708 in
 fiscal year 2000-01.

SUMMARY

42 This amendment requires self-employed individuals to
 44 increase Maine adjusted gross income by a percentage of the
 deduction allowed for health insurance expenses for federal

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SENATE AMENDMENT "A" to H.P. 1053, L.D. 1484

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income tax purposes. The percentage decreases from 25% for tax years beginning in 1999 to 0% for tax years beginning on or after January 1, 2007.

SPONSORED BY: 
(Senator MICHAUD)

COUNTY: Penobscot

SENATE AMENDMENT