## MAINE STATE LEGISLATURE

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2	L.D. 1484
2	DATE: June 5, 1999 (Filing No. S-442)
4	
6	Reproduced and distributed under the direction of the Secretary of the Senate.
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10	STATE OF MAINE SENATE
12	119TH LEGISLATURE FIRST REGULAR SESSION
14	CENAME AMENDMENT II CH L. II D. 1050 I D. 1404 Dill Ham Amen
16	SENATE AMENDMENT "C" 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"
18	Amend the bill by inserting after section 1 the following:
20	
22	'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:
24	J. The amount claimed as a business expense that is included in the investment credit for the high-technology
26	investment tax credit; and
28	Sec. 3. 36 MRSA §5122, sub-§1, ¶K, as enacted by PL 1997, c. 746, §3 and affected by §24, is amended to read:
30	
32	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
34	5206, to the extent that those items are passed through to the taxpayer for federal income tax purposes, including, if
36	the financial institution is an S corporation, the taxpayer's pro rata share and, if the financial institution
38	is a partnership or limited liability company, the taxpayer's distributive share. An addition may not be made
10	under this paragraph for any losses recognized on the disposition by a taxpayer of an ownership interest in a
12	financial institution; and

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

## SENATE AMENDMENT

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2	L. For income tax years beginning on or after January 1, 1999, but before January 1, 2000, an amount equal to 25% of
4	any amount allowed to a self-employed individual as a deduction for health insurance expenses pursuant to Section
6	162(1) of the Code; and for income tax years beginning on or after January 1, 2000, but before January 1, 2002, an amount
8	equal to 16.67% of any amount allowed as a deduction pursuant to Section 162(1) of the Code.
10	
12	Further amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.
14	FISCAL NOTE
16	
18	This amendment changes laws regarding conformity for the deductibility of health insurance expenses for self-employed taxpayers, which resulted in reductions of individual income tax
20	collections. As amended, this bill will increase individual
22	income and corporate income tax collections by \$193,396 in fiscal year 1999-00 and \$132,464 in fiscal year 2000-01. The net
24	increase of these tax collections will increase the amounts transferred to the Local Government Fund for state-municipal
26	revenue sharing in those years by \$9,863 and \$6,756, respectively. The resulting net increases of General Fund revenue will be \$183,533 in fiscal year 1999-00 and \$125,708 in
28	fiscal year 2000-01.
30	This bill decreases individual income tax collections beginning in fiscal year 2001-02, resulting in future net
32	reductions of gross tax collections, prior to the transfers to the Local Government Fund, of \$126,127 in fiscal year 2001-02 and
34	\$757,372 in fiscal year 2002-03.
36	SUMMARY
38	SCHANARACE
40	This amendment delays until 2002 Maine income tax conformity for health insurance deductions for self-employed individuals.
42	D<1 (D11-
44	SPONSORED BY: Richard Maleling (Senator RUHLIN)
46	COUNTY: Penobscot

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