

MAINE STATE LEGISLATURE

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

COMMITTEE AMENDMENT "A" to S.P. 742, L.D. 2101, Bill, "An Act to Enhance the Maine State College Savings Program"

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

Sec. 1. 20-A MRSA §11473, sub-§6 is enacted to read:

6. Report of contributions. By January 31st, annually, the authority shall report to the Department of Administrative and Financial Services, Bureau of Revenue Services amounts contributed by individuals during the preceding calendar year under a participation agreement for purposes of determining eligibility for the tax deduction provided under Title 36, section 5122, subsection 2, paragraph M.

Sec. 2. 36 MRSA §5122, sub-§2, ¶K, as amended by PL 1999, c. 521, Pt. C, §5 and affected by §9, is further amended to read:

K. For income tax years beginning on or after January 1, 1997, all items of income, gain, interest, dividends, royalties and other income 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. A subtraction may not be made under this paragraph for:

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- 2 (1) Income of the taxpayer earned on interest-bearing
- 3 or similar accounts of the taxpayer at a financial
- 4 institution as a customer of that financial institution;
- 6 (2) Any dividends or other distributions with respect
- 7 to a taxpayer's ownership interest in a financial
- 8 institution; and
- 10 (3) Any gain recognized on the disposition by the
- 11 taxpayer of an ownership interest in a financial
- 12 institution; and

13 **Sec. 3. 36 MRSA §5122, sub-§2, ¶L**, as enacted by PL 1999, c.
14 521, Pt. C, §6 and affected by §9, is amended to read:

16 L. For income tax years beginning on or after January 1,
17 2000, an amount equal to the total premiums spent for
18 qualified long-term care insurance contracts as defined in
19 the Code, Section 7702B(b), as long as the amount subtracted
20 is reduced by the long-term care premiums claimed as an
21 itemized deduction pursuant to ~~Section~~ section 5125.; and

22 **Sec. 4. 36 MRSA §5122, sub-§2, ¶M** is enacted to read:

24 M. Ten percent, up to a maximum of \$2,000, of the amount
25 contributed to an account pursuant to the Maine College
26 Savings Program as established in Title 20-A, chapter 417-E.

28 **Sec. 5. Application.** This Act applies to tax years beginning
29 on or after January 1, 2000.'

31 Further amend the bill by inserting at the end before the
32 summary the following:

34
35 **FISCAL NOTE**

	1999-00	2000-01
REVENUES		
General Fund	(\$5,451)	(\$148,443)
Other Funds	(293)	(7,977)

46 The income tax deduction for certain contributions to the
47 Maine College Savings Program will decrease individual income tax
48 collections by \$5,744 in fiscal year 1999-00 and \$156,420 in
49 fiscal year 2000-01. The reduction of these tax collections will
50 decrease the amounts transferred to the Local Government Fund for

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2 state-municipal revenue sharing in those years by \$293 and
3 \$7,977, respectively. The resulting net reductions of General
4 Fund revenue will be \$5,451 in fiscal year 1999-00 and \$148,443
5 in fiscal year 2000-01. In fiscal years 2001-02 and 2002-03,
6 respectively, the reductions of income tax collections are
7 estimated to be \$211,397 and \$294,069 with net General Fund
8 revenue reductions of \$200,616 and \$279,071.

9
10 The Bureau of Revenue Services will incur some minor
11 additional costs to audit affected returns and add some lines to
12 the individual income tax return. These costs can be absorbed
13 within the bureau's existing budgeted resources.

14 The additional costs associated with reporting to the Bureau
15 of Revenue Services can be absorbed by the Finance Authority of
16 Maine utilizing existing budgeted resources.'

17
18
19 **SUMMARY**

20 This amendment replaces the original bill by providing an
21 income tax deduction for 10%, up to an aggregate maximum of
22 \$2,000, of the amount contributed to a college savings account
23 established under the Maine College Savings Program administered
24 by the Treasurer of State and the Finance Authority of Maine.
25 The amendment requires the authority to provide information to
26 the Department of Administrative and Financial Services, Bureau
27 of Revenue Services for purposes of verifying eligibility for the
28 deduction. The amendment also adds a fiscal note.