

# MAINE STATE LEGISLATURE

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L.D. 2122

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DATE: 2/18/00

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TAXATION

MAJORITY

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

COMMITTEE AMENDMENT "A" to H.P. 1482, L.D. 2122, Bill, "An Act to Base the Rate of Tax Imposed on Married Couples Solely on Income Earned in this State"

Amend the bill in section 1 in the first line (page 1, line 3 in L.D.) by striking out the following: "placed" and inserting in its place the following: 'replaced'

Further amend the bill by inserting after section 1 the following:

'Sec. 2. 36 MRSA §5111, sub-§4, as amended by PL 1999, c. 521, Pt. B, §1 and affected by §11, is repealed.'

Further amend the bill in section 2 in that part designated "~~§5148.~~" in subsection 1 in the 2nd line (page 1, line 26 in L.D.) by inserting after the following: "both" the following: 'of whom are'

Further amend the bill in section 2 in that part designated "~~§5148.~~" in subsection 2 in the 2nd line (page 1, line 31 in L.D.) by inserting after the following: "both" the following: 'of whom are'

Further amend the bill in section 2 in that part designated "~~§5148.~~" in subsection 3 in the first and 2nd lines (page 1, lines 35 and 36 in L.D.) by striking out the following: "married person" and inserting in its place the following: 'spouse'

Further amend the bill in section 2 in that part designated "~~§5148.~~" by inserting after subsection 3 the following:

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2       '4. Both spouses nonresident individuals, only one has  
4       Maine-source income. If both spouses are nonresident individuals  
6       and only one has Maine-source income, the spouse having  
8       Maine-source income shall determine taxable income in this State  
10       as a separate individual and that spouse's tax liability is  
12       separate; but both individuals may elect to determine their joint  
14       taxable income as nonresident individuals and, if they make that  
16       election, their liabilities are joint and several.'

18       Further amend the bill in section 2 in that part designated  
20       "5150." in the first line (page 2, line 9 in L.D.) by striking  
22       out the following: "5150." and inserting in its place the  
24       following: '§5150.'

26       Further amend the bill by striking out all of section 4 and  
28       inserting in its place the following:

30       'Sec. 4. 36 MRSA §5219-N, sub-§4 is enacted to read:

32       4. Nonresident or part-year resident individual. A  
34       nonresident or part-year resident individual is allowed a credit  
36       against the tax otherwise due under this Part in the amount of  
38       the credit allowed under subsections 1 and 2 multiplied by the  
40       ratio of the individual's Maine adjusted gross income, as defined  
42       in section 5102, subsection 1-C, paragraph B, to the  
44       nonresident's or part-year resident's entire federal adjusted  
46       gross income, as modified by section 5122. This credit may not  
48       reduce the Maine income tax to less than zero.'

50       Further amend the bill in section 6 in subsection 2 in the  
first and 2nd lines (page 3, lines 15 and 16 in L.D.) by striking  
out the following: "married person" and inserting in its place  
the following: 'spouse' and in the 4th line (page 3, line 18 in  
L.D.) by inserting after the following: "State" the following:  
'using the filing status of married filing separately' and in the  
last line (page 3, line 22 in L.D.) by striking out the  
following: "in such case" and inserting in its place the  
following: 'if they make that election'

Further amend the bill by striking out all of section 7 and  
inserting in its place the following:

'Sec. 7. 36 MRSA §5221, sub-§3 is enacted to read:

3. Both spouses nonresident, only one has Maine-source  
income. If both spouses are nonresidents and one has no  
Maine-source income, the spouse having Maine-source income shall  
file a separate Maine nonresident income tax return as a single  
individual and that spouse's tax liability is separate;

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2 but both individuals may elect to determine their joint taxable  
3 income as nonresident individuals and, if they make that  
4 election, their liabilities are joint and several.

6 **Sec. 8. 36 MRSA §5224-A**, as amended by PL 1989, c. 596, Pt.  
7 J, §5, is repealed and the following enacted in its place:

8 **§5224-A. Change of status as resident or nonresident during year**

10 If an individual changes status as a resident individual or  
11 nonresident individual during the taxable year, that individual  
12 shall file a return as required by section 5220, subsection 2.  
13 The taxable income of that person is determined in the following  
14 manner.

16 1. **Income.** Income exclusive of standard or itemized  
17 deductions and personal exemptions is the sum of the incomes  
18 determined, as provided in section 5121 for residents and section  
19 5147 for nonresidents, as if the individual's taxable year for  
20 federal income tax purposes were limited to the period of the  
21 individual's resident and nonresident status respectively.

22 2. **Reduction.** The income computed under subsection 1 is  
23 reduced in accordance with the law applicable to a nonresident  
24 individual under the deduction and exemption provisions contained  
25 in sections 5149 to 5151.'

28 Further amend the bill by relettering or renumbering any  
29 nonconsecutive Part letter or section number to read  
30 consecutively.

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

36 **FISCAL NOTE**

38 **2000-01**

40 **REVENUES**

42	General Fund	(\$2,691,258)
43	Other Funds	(144,630)

44 The change in the rate of tax imposed on certain  
45 nonresidents will decrease individual income tax collections by  
46 \$2,835,888 in fiscal year 2000-01, \$9,637,293 in fiscal year  
47 2001-02 and \$10,263,717 in fiscal year 2002-03. The reduction of  
48 these tax collections will decrease the amounts transferred to  
49 the Local Government Fund for state-municipal revenue sharing in  
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2 those years by \$144,630, \$491,502 and \$523,450, respectively.  
3 The resulting net reductions of General Fund revenue will be  
4 \$2,691,258 in fiscal year 2000-01, \$9,145,791 in fiscal year  
5 2001-02 and \$9,740,267 in fiscal year 2002-03.

6 The Bureau of Revenue Services will incur additional costs  
7 estimated to be \$20,000 in fiscal year 2001-02 for computer  
8 programming expenses to implement this tax change. The bureau  
9 will request future additional General Fund appropriations to  
10 fund these expenses.'

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### SUMMARY

16 This amendment adds sections necessary to accomplish the  
intent of the original bill, makes technical changes and adds a  
fiscal note to the bill.