

MAINE STATE LEGISLATURE

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H. 48.

L.D. 2143

DATE: 6-2-99

(Filing No. H-741)

MAJORITY TAXATION

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

COMMITTEE AMENDMENT "A" to H.P. 1499, L.D. 2143, Bill, "An Act to Reduce the Income Tax"

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Sec. 1. 36 MRSA §5111, first ¶, as repealed and replaced by PL 1989, c. 495, §1 and affected by c. 596, Pt. J, §7, is amended to read:

A tax is imposed for each taxable year beginning on or after January 1, 1989 1999, on the Maine taxable income of every resident individual of this State. The amount of the tax is to be determined as follows.

Sec. 2. 36 MRSA §5111, sub-§1-A, as enacted by PL 1991, c. 591, Pt. YY, §2 and affected by §7, is repealed and the following enacted in its place:

1-A. Single individuals and married persons filing separate returns. For single individuals and married persons filing separate returns:

<u>If Maine taxable income is:</u>	<u>The tax is:</u>
<u>Less than \$4,150</u>	<u>2% of the Maine taxable income</u>

COMMITTEE AMENDMENT

R.d.S.

COMMITTEE AMENDMENT "A" to H.P. 1499, L.D. 2143

2	<u>At least \$4,150 but less than \$8,250</u>	<u>\$83 plus 4.5% of the excess over \$4,150</u>
4	<u>At least \$8,250 but less than \$16,500</u>	<u>\$268 plus 7% of the excess over \$8,250</u>
8	<u>\$16,500 or more</u>	<u>\$846 plus 8.5% of the excess over \$16,500</u>

12 **Sec. 3. 36 MRSA §5111, sub-§2-A**, as enacted by PL 1991, c.
14 591, Pt. YY, §4 and affected by §7, is repealed and the following
16 enacted in its place:

18 **2-A. Heads of households.** For unmarried individuals or
legally separated individuals who qualify as heads of households:

20	<u>If Maine taxable income is:</u>	<u>The tax is:</u>
22	<u>Less than \$6,200</u>	<u>2% of the Maine taxable income</u>
24	<u>At least \$6,200 but less than \$12,400</u>	<u>\$124 plus 4.5% of the excess over \$6,200</u>
28	<u>At least \$12,400 but less than \$24,750</u>	<u>\$403 plus 7% of the excess over \$12,400</u>
32	<u>\$24,750 or more</u>	<u>\$1,268 plus 8.5% of the excess over \$24,750</u>

38 **Sec. 4. 36 MRSA §5111, sub-§3-A**, as enacted by PL 1991, c.
40 591, Pt. YY, §6 and affected by §7, is repealed and the following
enacted to read:

42 **3-A. Individuals filing married joint return or surviving**
44 **spouses.** For individuals filing married joint returns or
surviving spouses permitted to file a joint return:

46	<u>If Maine taxable income is:</u>	<u>The tax is:</u>
48	<u>Less than \$8,250</u>	<u>2% of the Maine taxable income</u>

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A.d.S.

COMMITTEE AMENDMENT "A" to H.P. 1499, L.D. 2143

2	General Fund	(\$3,288,285)	(\$11,065,340)
4	Other Funds	(176,715)	(594,660)

6 The adjustments to the indexing method for individual income
 8 tax brackets will decrease individual income tax collections by
 10 \$3,465,000 in fiscal year 1999-00 and \$11,660,000 in fiscal year
 12 2000-01. The reduction of these tax collections will decrease
 14 the amounts transferred to the Local Government Fund for
 16 state-municipal revenue sharing in those years by \$176,715 and
 \$594,660, respectively. The resulting net reductions of General
 Fund revenue will be \$3,288,285 in fiscal year 1999-00 and
 \$11,065,340 in fiscal year 2000-01. The estimated future
 reductions of gross individual income tax collections in fiscal
 years 2001-02 and 2002-03 are \$20,865,000 and \$30,925,000,
 respectively.

18 The Bureau of Revenue Services will incur some minor
 20 additional costs to implement the change in the indexing method.
 These costs can be absorbed within the bureau's existing budgeted
 resources.'

24 SUMMARY

26 This amendment replaces the individual income tax rate
 28 brackets to reflect currently applicable amounts. The amendment
 also provides a method for indexing the bracket amounts that
 30 parallels the procedure for indexing under federal income tax law
 and adds a fiscal note to the bill.

COMMITTEE AMENDMENT