

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Sec. 1. 36 MRSA §5111, first ¶, as repealed and replaced by PL 1989, c. 495, §1 and affected by c. 596, Pt.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 YY, §2 and affected by §7, is repealed and the following enacted in its place: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		
6	<u>At least \$8,250 but less than \$16,500</u>	<u>\$268 plus 7% of the excess over \$8,250</u>
8		
10	<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 YY, §4 and affected by §7, is repealed and the following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		
26	<u>At least \$6,200 but less than \$12,400</u>	<u>\$124 plus 4.5% of the excess over \$6,200</u>
28		
30	<u>At least \$12,400 but less than \$24,750</u>	<u>\$403 plus 7% of the excess over \$12,400</u>
32		
34	<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 YY, §6 and affected by §7, is repealed and the following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
spouses.** For individuals filing married joint returns or
44 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

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At least \$8,250 but less than \$16,500

\$165 plus 4.5% of the excess over \$8,250

At least \$16,500 but less than \$33,000

\$536 plus 7% of the excess over \$16,500

\$33,000 or more

\$1,691 plus 8.5% of the excess over \$33,000

Sec. 5. 36 MRSA §5402, sub-§1-B is enacted to read:

1-B. Cost-of-living adjustment. The cost-of-living adjustment for any calendar year is that percentage, if any, by which the Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year exceeds the Consumer Price Index for the 12-month period ending June 30, 1998.

Sec. 6. 36 MRSA §5402, sub-§3, as amended by PL 1989, c. 495, §6, is repealed.

Sec. 7. 36 MRSA §5403, as amended by PL 1991, c. 591, Pt. CCC, is repealed and the following enacted in its place:

§5403. Annual adjustments for inflation

Beginning in 1999 and each subsequent calendar year thereafter, the State Tax Assessor shall, on or after September 15th, multiply the cost-of-living adjustment for taxable years beginning in the succeeding calendar year by the dollar amounts of the tax rate tables specified in section 5111. If the dollar amounts of each rate bracket, adjusted by the application of the cost-of-living adjustment, is not a multiple of \$50, the increase must be rounded to the next lower multiple of \$50. The State Tax Assessor shall incorporate such changes into the income tax forms, instructions and withholding tables for that taxable year.'

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

·FISCAL NOTE

1999-00 2000-01

REVENUES

A.d.S.

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

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

4

6 The adjustments to the indexing method for individual income
 7 tax brackets will decrease individual income tax collections by
 8 \$3,465,000 in fiscal year 1999-00 and \$11,660,000 in fiscal year
 9 2000-01. The reduction of these tax collections will decrease
 10 the amounts transferred to the Local Government Fund for
 11 state-municipal revenue sharing in those years by \$176,715 and
 12 \$594,660, respectively. The resulting net reductions of General
 13 Fund revenue will be \$3,288,285 in fiscal year 1999-00 and
 14 \$11,065,340 in fiscal year 2000-01. The estimated future
 15 reductions of gross individual income tax collections in fiscal
 16 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
 19 additional costs to implement the change in the indexing method.
 20 These costs can be absorbed within the bureau's existing budgeted
 21 resources.'

22

24

SUMMARY

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

COMMITTEE AMENDMENT