

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 2256

H.P. 1613

House of Representatives, June 18, 1999

An Act to Conform the Tax Laws of this State for 1998 With the United States Internal Revenue Code.

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative GAGNON of Waterville. (GOVERNOR'S BILL)

2 **Be it enacted by the People of the State of Maine as follows:**

4 **Sec. 1. 36 MRSA §5122, sub-§1, ¶J,** as amended by PL 1999, c.
520, §2 and affected by §5, is further amended to read:

6 J. The amount claimed as a business expense that is
7 included in the investment credit for the high-technology
8 investment tax credit; and

10 **Sec. 2. 36 MRSA §5122, sub-§1, ¶K,** as amended by PL 1999, c.
520, §3 and affected by §5, is further amended to read:

11 K. For income tax years beginning on or after January 1,
12 1997, all items of loss, deduction and other expense of a
13 financial institution subject to the tax imposed by section
14 5206, to the extent that those items are passed through to
15 the taxpayer for federal income tax purposes, including, if
16 the financial institution is an S corporation, the
17 taxpayer's pro rata share and, if the financial institution
18 is a partnership or limited liability company, the
19 taxpayer's distributive share. An addition may not be made
20 under this paragraph for any losses recognized on the
21 disposition by a taxpayer of an ownership interest in a
22 financial institution; ~~and.~~

24 **Sec. 3. 36 MRSA §5122, sub-§1, ¶L,** as enacted by PL 1999, c.
520, §4 and affected by §5, is repealed.

26 **Sec. 4. Application.** This Act applies to tax years beginning
27 on or after January 1, 1998.

28 **Sec. 5. Retroactivity.** This Act applies retroactively to June
29 17, 1999.

32 **FISCAL NOTE**

34

	1999-00	2000-01
36 REVENUES		
42 General Fund	(\$907,434)	(\$461,594)
44 Other Funds	(48,766)	(24,806)

46 This bill, establishing conformity for the self-employed
47 health insurance deduction, will decrease budgeted individual
48 income tax collections by \$956,200 in fiscal year 1999-00,
\$486,400 in fiscal year 2000-01 and \$198,400 in fiscal year
50 2001-02. The reduction of these tax collections will decrease

2 the amounts transferred to the Local Government Fund for
state-municipal revenue sharing in those years by \$48,766,
4 \$24,806 and \$10,118, respectively. The resulting net reductions
of General Fund revenue will be \$907,434 in fiscal year 1999-00,
6 \$461,594 in fiscal year 2000-01 and \$188,282 in fiscal year
2001-02.

8

SUMMARY

10

12 This bill establishes conformity in the Maine income tax
laws for the self-employed health insurance deduction.