MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 803

S.P. 234

In Senate, February 13, 2001

An Act to Implement the Recommendations of the Joint Standing Committee on Taxation Resulting from Its Review of Income Tax Expenditures Pursuant to the Maine Revised Statutes, Title 36, chapter 9.

Reported by Senator Gagnon for the Joint Standing Committee on Taxation pursuant to the Maine Revised Statutes, Title 36, chapter 9.

Reference to the Committee on Taxation suggested and ordered printed under Joint Rule 218.

JOY J. O'BRIEN Secretary of the Senate

Be	it	enacted	by	the	Peo	ple o	of the	State	of	Maine as fo	llows:
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4	Sec. 1. 36 MRSA §5122, sub-§2, ¶A, as repealed and replaced by PL 1985, c. 737, Pt. A, §102, is amended to read:
6	A. Interest or dividends on obligations of the United States and its territories and possessions or of any
8	States and its territories and possessions or of any authority, commission or instrumentality of the United
Ů	States or-on-a-seller-sponsored-lean,-as-defined-by-Title
10	10,chapter-110, to the extent includable in gross income
	for federal income tax purposes, but exempt from state
12	income taxes under the laws of the United States, provided
14	that the amount subtracted shallbe <u>is</u> decreased by any expenses incurred in the production of the interest or
	dividend income to the extent that these expenses, including
16	amortizable bond premiums, are deductible in determining
• •	federal adjusted gross income;
18	Sec. 2. 36 MRSA §5122, sub-§2, ¶D, as amended by PL 1989, c.
20	508, \S 16 and c. 556, Pt. B, \S 8, is repealed.
22	Sec. 3. 36 MRSA §5200-A, sub-§2, ¶C, as amended by PL 1983, c.
24	855, §21, is further amended to read:
<i>L</i> I	C. An amount equal to the taxpayer's <u>federal</u> new jobs
26	credit or work opportunity credit as determined under the
	laws of the United States;
28	Sec. 4. 36 MRSA §5200-A, sub-§2, ¶E, as amended by PL 1987, c.
30	841, §4, is repealed.
32	Sec. 5. 36 MRSA §5217, sub-§2, ¶C, as enacted by PL 1999, c.
34	401, Pt. NNN, $\S 3$ and affected by $\S \S 8$ and 9, is amended to read:
) I	C. "Quality child care services" has the meaning set forth
36	in section 5219-Q, subsection 1.
38	Sec. 6. 36 MRSA §5217, sub-§4, as enacted by PL 1999, c. 401,
30	Pt. NNN, §4 and affected by §§8 and 9, is amended to read:
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4. Quality child care. The credit allowed under subsection
1 doubles in amount if the day care service provided by the
taxpayer constitutes quality child care services.
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Sec. 7. 36 MRSA §5218, as amended by PL 1999, c. 401, Pt.

Sec. 7. 36 MRSA §5218, as amended by PL 1999, c. 401, Pt. NNN, §5 and affected by §§8 and 9 and as repealed and replaced by PL 1999, c. 521, Pt. B, §6 and affected by §11, is repealed and the following enacting in its place:

§5218. Income tax credit for child care expenses

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- 2 1. Resident taxpayer. A resident individual is allowed a credit against the tax otherwise due under this Part in the amount of 25% of the federal tax credit allowable for child and dependent care expenses in the same tax year. In no case may this credit reduce the Maine income tax to less than zero.
 - 2. Nonresident or part-year resident taxpayer. A nonresident or part-year resident individual is allowed a credit against the tax otherwise due under this Part in the amount of 25% of the federal tax credit allowable for child and dependent care expenses multiplied by the ratio of the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph B, to the nonresident's entire federal adjusted gross income, as modified by section 5122. In no case may this credit reduce the Maine income tax to less than zero.
- 3. Quality child care services. The credit provided by subsections 1 and 2 doubles in amount if the child care expenses were incurred through the use of quality child care services. As used in this section, unless the context otherwise indicates, "quality child care services" has the meaning set forth in section 5219-O, subsection 1.

Sec. 8. 36 MRSA §5219-B, as enacted by PL 1987, c. 504, §32, is repealed.

Sec. 9. Contingent effective date. That section of this Act that amends the Maine Revised Statutes, Title 36, section 5217, subsection 4 takes effect only when the State Treasurer certifies that sufficient revenue has been credited in accordance with Public Law 1999, chapter 401, Part NNN, section 9.

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SUMMARY

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This bill contains the recommendations of the Joint Standing Committee on Taxation as a result of its review of income tax expenditures pursuant to the Maine Revised Statutes, Title 36, chapter 9.

The bill accomplishes the following.

- 1. It deletes the income tax deduction for "seller-sponsored loans" because the provision does not appear to have been used since its enactment in 1983.
- 2. It repeals the deduction for 1985-87 tax conformity adjustments because they are obsolete.

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- 3. It amends the deduction for the new jobs credit to indicate the change of name of the credit on the federal level.
- 4. It amends terms used in the credit for employer-assisted day care to resolve a conflict resulting from changes made in 1999 and to reflect changes in terminology enacted in Public Law 1999, chapter 708.

5. It repeals the 1987 tax conformity credit because it is obsolete.