

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)

M  
2004

L.D. 1651

DATE: 3-9-04

(Filing No. H-757)

MINORITY  
TAXATION

2  
4  
6  
8

Reproduced and distributed under the direction of the Clerk of the House.

12  
14  
16

STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
121ST LEGISLATURE  
SECOND SPECIAL SESSION

18

COMMITTEE AMENDMENT "B" to H.P. 1229, L.D. 1651, Bill, "An Act To Conform the Maine Tax Laws for 2003 to the United States Internal Revenue Code"

20  
22

Amend the bill by inserting after section 1 the following:

24

Sec. 2. 36 MRSA §5122, sub-§1, ¶V, as enacted by PL 2003, c. 451, Pt. II, §2, is repealed.

26

28

Sec. 3. 36 MRSA §5124-A, as amended by PL 2003, c. 479, §4, is further amended to read:

30

§5124-A. Standard deduction; resident

32

The standard deduction of a resident individual is equal to the standard deduction as determined in accordance with the Code, Section 63, except that for tax years beginning in 2003, 2004 and 2005, the Code, Section 63(c)(2) must be applied as if the basic standard deduction is \$5,000 in the case of a joint return and a surviving spouse and \$2,500 in the case of a married individual filing a separate return.

34

36

38

40

Sec. 4. 36 MRSA §5218, sub-§1, as amended by PL 2003, c. 20, Pt. FF, §1, is further amended to read:

42

44

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, except that for tax

46

2 years beginning in 2003, ~~2004-and-2005~~, the applicable percentage  
is 21.5% instead of 25%.

4 **Sec. 5. 36 MRSA §5218, sub-§2**, as amended by PL 2003, c. 391,  
§10, is further amended to read:

6  
8 **2. Nonresident or part-year resident taxpayer.** A  
nonresident individual is allowed a credit against the tax  
10 otherwise due under this Part in the amount of 25% of the federal  
tax credit allowable for child and dependent care expenses  
12 multiplied by the ratio of the individual's Maine adjusted gross  
income, as defined in section 5102, subsection 1-C, paragraph B,  
14 to the individual's entire federal adjusted gross income, as  
modified by section 5122, except that for tax years beginning in  
2003, ~~2004-and-2005~~, the applicable percentage is 21.5% instead  
16 of 25%.'

18 Further amend the bill by relettering or renumbering any  
nonconsecutive Part letter or section number to read  
20 consecutively.

22

**SUMMARY**

24

This amendment, which is the minority report of the  
26 committee, proposes to reestablish state tax conformity with the  
United States Internal Revenue Code with regard to the standard  
28 deduction, the child and dependent care credit and the deduction  
of certain student loan interest for tax years beginning in 2004  
30 and 2005.

32

**FISCAL NOTE REQUIRED**  
(See attached)

34

**121st Maine Legislature  
Office of Fiscal and Program Review**

**LD 1651**

**An Act to Conform the Maine Tax Laws for 2003 to the United States  
Internal Revenue Code**

**LR 2503(03)**

**Fiscal Note for Bill as Amended by Committee Amendment " "**

**Committee: Taxation**

**Fiscal Note Required: Yes**

**Fiscal Note**

	<b>2003-04</b>	<b>2004-05</b>	<b>Projections 2005-06</b>	<b>Projections 2006-07</b>
<b>Net Cost (Savings)</b>				
General Fund	\$1,584,802	\$20,365,547	\$10,134,725	\$560,052
<b>Revenue</b>				
General Fund	(\$1,584,802)	(\$20,365,547)	(\$10,134,725)	(\$560,052)
Other Special Revenue Funds	(\$85,168)	(\$1,094,460)	(\$555,913)	(\$30,720)

**Fiscal Detail and Notes**

This bill will reduce individual income tax collections by \$1,669,970 in fiscal year 2003-04 and by \$21,460,008 in fiscal year 2004-05.