

MAINE STATE LEGISLATURE

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DATE: 5/25/15

TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
122ND LEGISLATURE
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to H.P. 175, L.D. 236, Bill, "An Act To Change Nonresident Income Tax Filing Requirements"

Amend the bill in section 1 by striking out all of subsection 8 (page 1, lines 7 to 25 in L.D) and inserting in its place the following:

'8. Minimum taxability threshold. Minimum taxability thresholds for nonresidents are governed by the following.

A. Compensation for personal services performed in the State as an employee is Maine-source income, subject to taxation under this Part, if the nonresident taxpayer was present in Maine performing personal services for more than 12 days during the taxable year and directly earns or derives more than \$3,000 in gross income during the year in the State from all sources.

B. A nonresident individual who is present for business in the State on other than a systematic or regular basis, either directly or through agents or employees, has Maine-source income derived from or effectively connected with a trade or business in Maine and subject to taxation under this Part only if the nonresident individual earns or derives more than \$3,000 of gross income during the taxable year from contractual or sales-related activities.

C. Performance of the following personal services for 24 days during a calendar year may not be counted towards the 12-day threshold under paragraph A:

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- (1) Personal services performed in connection with presenting or receiving employment-related training or education; and
- (2) Personal services performed in connection with a site inspection, review, analysis of management or any other supervision of a Maine-based affiliate or subsidiary by a representative from a parent company not headquartered in this State.'

Further amend the amendment by striking out all of section 2 and inserting in its place the following:

'Sec. 2. 36 MRSA §5220, sub-§2, as amended by PL 2003, c. 673, Pt. E, §2 and affected by §3, is further amended to read:

2. Nonresident individuals. Every nonresident individual who, pursuant to this Part, has a Maine individual income tax liability for the taxable year. An individual whose only Maine-source income is ~~compensation---for---personal---services performed-in-Maine-that-is~~ excluded from Maine adjusted gross income by the threshold contained in section 5142, subsection 8 is not subject to taxation under this Part and need not file a return;

Sec. 3. Application. Those sections of this Act that repeal and replace the Maine Revised Statutes, Title 36, section 5142, subsection 8 and amend Title 36, section 5220, subsection 2 apply to tax years beginning on or after January 1, 2005.'

SUMMARY

This amendment provides new minimum taxability thresholds for nonresidents. The new thresholds permit greater income-earning activity by nonresidents in the State before Maine income tax liability is triggered. The amendment also excludes from the determination of taxability in the State up to 24 days of personal services related to certain training and management functions.

FISCAL NOTE REQUIRED
(See Attached)



122nd MAINE LEGISLATURE

LD 236

LR 1416(02)

An Act To Change Nonresident Income Tax Filing Requirements

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

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
Net Cost (Savings)				
General Fund	\$1,921,725	\$1,921,725	\$1,919,700	\$1,919,700
Revenue				
General Fund	(\$1,921,725)	(\$1,921,725)	(\$1,919,700)	(\$1,919,700)
Other Special Revenue Funds	(\$103,275)	(\$103,275)	(\$105,300)	(\$105,300)

Fiscal Detail and Notes

This bill is expected to reduce General Fund revenue by \$1,921,725 in fiscal year 2005-06 and in fiscal year 2006-07 as a result of the changes in nonresident income tax provisions.