MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document

No. 734

H.P. 529

House of Representatives, February 10, 2005

An Act To Establish a Long-term Capital Gains Tax Rate

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. Macfarland MILLICENT M. MacFARLAND Clerk

Presented by Representative LINDELL of Frankfort. Cosponsored by Senator WESTON of Waldo and

Representatives: BIERMAN of Sorrento, CROSTHWAITE of Ellsworth, THOMAS of Ripley.

Be it	enacted	by	the	People	of	the	State	of	Maine	as f	ollows:
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- 2 Sec. 1. 36 MRSA $\S5122$, sub- $\S2$, \PQ , as corrected by RR 2003, c. 1, §38, is amended to read: A fraction of any amount previously added back by the taxpayer to federal adjusted gross income pursuant to subsection 1, paragraph N. 10 With respect to property first placed in service during taxable years beginning in 2002, the adjustment 12 under this paragraph is available for each year during the recovery period, beginning 2 years after 14 beginning of the taxable year during which the property was first placed in service. The fraction is equal to 16 the amount added back under subsection 1, paragraph N with respect to the property, divided by the number of 18 years in the recovery period minus 2. 20 (2) With respect to all other property, for the taxable year immediately following the taxable year 22 during which the property was first placed in service, the fraction allowed by this paragraph is equal to 5% 24 of the amount added back under subsection 1, paragraph N with respect to the property. For each subsequent taxable year during the recovery period, the fraction 26 is equal to 95% of the amount added back under 28 subsection 1, paragraph N with respect to the property, divided by the number of years in the recovery period 30 minus 2. In the case of property expensed pursuant to Section 179 of 32 the Code, the term "recovery period" means the recovery period that would have been applicable to the property had 34 Section 179 not been applied; and 36 Sec. 2. 36 MRSA §5122, sub-§2, ¶T, as amended by PL 2003, c. 705, §12 and affected by §14, is further amended to read: 38 40 For income tax years beginning on or after January 1, 2002 and before January 1, 2004, an amount equal to the total premiums spent for long-term care insurance policies 42 certified under Title 24-A, section 5075-A as long as the
 - For income tax years beginning on or after January 1, 2004, an amount equal to the total premiums spent for qualified long-term care insurance contracts certified under Title 24-A, section 5075-A, as long as the amount subtracted is

claimed as an itemized deduction pursuant to section 5125.

amount subtracted is reduced by the long-term care premiums

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	reduced by any amount claimed as a deduction for federal									
2	income tax purposes in accordance with the Code, Section									
	162(1) and by the long-term care premiums claimed as an									
4	itemized deduction pursuant to section 5125.: and									
б	Sec. 3. 36 MRSA §5122, sub-§2, ¶U is enacted to read:									
O	bee. 3. 30 Milion galax, sub-ga, no 13 endeced to read.									
8	U. For income tax years beginning on or after January 1,									
	2005, an amount equal to income derived in that tax year for									
10	a capital gain derived from the sale of an asset held for									
	more than one year by the taxpayer.									
12	C A ACMEDIA MEANACH									
1.4	Sec. 4. 36 MRSA §5204-C is enacted to read:									
14	REDUA C. Comital coinc									
16	§5204-C. Capital gains									
10	In addition to any other tax imposed by this Part, the tax									
18	owed on income derived from capital gains derived from the sale									
	of an asset held by a taxpayer for more than one year is 3%.									
20										
22	SUMMARY									
24	Company of the law law term arrivel asing and tored									
47	Currently under state law, long-term capital gains are taxed as regular income. This bill taxes income derived from the sale									
26	of assets held for more than one year at 3%.									
_ 0	or abbeed hera for more than one year at 50.									