MAINE STATE LEGISLATURE

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		L.D. 1005
2	DATE: 4-20-06	(Filing No. S-6/8)
4	111111111111111111111111111111111111111	(11111)
6	TAXA	TION
8	Reported by: Reported by: Minority	
10	Reproduced and distributed under of the Senate.	the direction of the Secretary
12	STATE O	FMAINE
14	SENA SENA 122ND LEG	ATE
16	SECOND REGU	
18		S.P. 586, L.D. 1605, Bill, "An
20	COMMITTEE AMENDMENT "\7" to Act To Reform the Income Tax for Families"	
22	lmand the hill be exciting	ub anamebina after the anation
24	clause and before the summary a following:	out everything after the enacting and inserting in its place the
26	'PAR	et a
28	ran	XI A
30	Sec. A-1. 36 MRSA §5219-N, st 390, §48, is repealed and the following	<pre>ib-§1, as amended by PL 2003, c. lowing enacted in its place:</pre>
32	1. Generally. Except as	provided in subsection 2, an
	individual in a category describe	
34	a credit equal to the tax otherwi this Part. In no case may this	
36	tax to less than zero. An indi	
	described in this section if:	
38		
40	head of household or is ma	ng as a single individual or a rried and filing separately and ble income determined as if the
42	individual were a resident i	ndividual for the entire year is
44	\$4,000 or less; or	
	B. The individual is filing	a married joint return and the
46	taxable income on the	return determined as if the
4.0	<u>individuals were resident in</u>	<u>dividuals for the entire year is</u>
/I U	#0 000 -	
48	\$8,000 or less.	

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2	PART B	
4	Sec. B-1. 36 MRSA §5124-A, first ¶, as amende 12, Pt. P, §5, is further amended to read:	d by PL 2005, c.
6	man and an analysis of the second and the second	
8	The standard deduction of a resident indivi- the standard deduction as determined in accordan Section 63, except that for tax years beginning	ce with the Code,
10	before 2007, the Code, Section 63(c)(2) must be basic standard deduction is \$5,000 in the case	applied as if the
12	and a surviving spouse and \$2,500 in the ca individual filing a separate return.	-
14	PART C	
16	Sec. C-1. 36 MRSA §5111, sub-§1-B, as enacte	d by PL 1999, c.
18	731, Pt. T, §3, is amended to read:	
20	1-B. Single individuals and married person returns; tax years beginning 2002. For tax year	-
22	after January 1, 2002, for single individuals an filing separate returns:	d married persons
24	If Maine Taxable income is:	The tax is:
26	11 110110 10110110 1100110 101	and dur ab,
28	Less than \$4,200	2% of the Maine taxable income
30		
2.2	At least \$4,200 but	\$84 plus 4.5% of
32 34	less than \$8,350	the excess over \$4,200
34	At least \$8,350 but	\$271 plus 7% of
36	less than \$16,700 \$27,500	the excess over \$8,350
38	\$16,799 <u>\$27,500</u> or more	\$856 plus 8.5%
40		of the excess over \$16,700
42		\$27,500
44	Sec. C-2. 36 MRSA §5111, sub-§2-B, as enacte 731, Pt. T, §5, is amended to read:	d by PL 1999, c.
46		
4.0	2-B. Heads of households; tax years beginning	_
48	tax years beginning on or after January 1, 200 individuals or legally separated individuals who	
50	of households:	deartry as means

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COMMITTEE AMENDMENT "A" to S.P. 586, L.D. 1605

2	If Maine Taxable income is:	The tax is:
4	Less than \$6,300	2% of the Maine
6		
8	At least \$6,300 but less than \$12,500	\$126 plus 4.5% of the excess
10		over \$6,300
12 14	At least \$12,500 but less than \$25,050 <u>\$41,250</u>	\$405 plus 7% of the excess over \$12,500
	*** *** *** ***	
16 18	\$25,050 <u>\$41,250</u> or more	\$1,284 plus 8.5% of the excess over \$25,050
20		<u>\$41,250</u>
22	Sec. C-3. 36 MRSA §5111, sub-§3-B, as enaction 731, Pt. T, §7, is amended to read:	eted by PL 1999, c.
	· ·	
24	3-B. Individuals filing married joint a spouses; tax years beginning 2002. For tax years to the lambda side of the spouse of the second state of t	ars beginning on or
28	after January 1, 2002, for individuals fireturns or surviving spouses permitted to file	-
30	If Maine Taxable income is:	The tax is:
32	Less than \$8,400	2% of the Maine taxable income
34		****
36	At least \$8,400 but less than \$16,700	\$168 plus 4.5% of the excess over \$8,400
38	At least \$16,700 but	\$542 plus 7% of
40	less than \$33,400 <u>\$55,000</u>	\$542 plus 7% of the excess over \$16,700
42	\$33,400 <u>\$55,000</u> or more	
44	· · · · · · · · · · · · · · · · · · ·	\$1.711 plus 8.5%
46		\$1,711 plus 8.5% of the excess over \$33,400
46		of the excess over \$33,400 \$55,000
46 48	Sec. C-4. Application. This Part appl beginning on or after January 1, 2007.	of the excess over \$33,400 \$55,000

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PART D

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- Sec. D-1. 5 MRSA §13090-K, sub-§2, as enacted by PL 2001, c. 439, Pt. UUUU, §1, is amended to read:
- Source of fund. Beginning July 1, 2003 and every July 1st thereafter, the State Controller shall transfer to the Tourism Marketing Promotion Fund an amount, as certified by the State Tax Assessor, that is equivalent to 5% of the 7% 8% tax imposed on tangible personal property and taxable services pursuant to Title 36, section 1811, for the first 6 months of the prior fiscal year after the reduction for the transfer to the Local Government Fund as described by Title 30-A, section 5681, subsection 5. Beginning on October 1, 2003 and every October 1st thereafter, the State Controller shall transfer to the Tourism Marketing Promotion Fund an amount, as certified by the State Tax Assessor, that is equivalent to 5% of the 7% 8% tax imposed on tangible personal property and taxable services pursuant to Title 36, section 1811, for the last 6 months of the prior fiscal year after the reduction for the transfer to the Local Government The tax amount must be based on actual sales for that fiscal year and may not consider any accruals that may be required by law. The amount transferred from General Fund sales and use tax revenues does not affect the calculation for the transfer to the Local Government Fund.

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Sec. D-2. 36 MRSA §1811, first ¶, as amended by PL 2001, c. 439, Pt. TTTT, §2 and affected by §3, is further amended to read:

A tax is imposed on the value of all tangible personal property and taxable services sold at retail in this State. The rate of tax is 7% 8% on the value of liquor sold in licensed establishments as defined in Title 28-A, section 2, subsection 15, in accordance with Title 28-A, chapter 43; 7% 8% on the value of rental of living quarters in any hotel, rooming house or tourist or trailer camp; 10% on the value of rental for a period of less than one year of an automobile; 7% 8% on the value of prepared food; and 5% on the value of all other tangible personal property and taxable services. Value is measured by the sale price, except as otherwise provided.

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Sec. D-3. Effective date. This Part takes effect January 1, 2007.

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PART E

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Sec. E-1. 36 MRSA §1752, sub-§1-H is enacted to read:

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1-H. Amusement and recreational services. "Amusement and recreational services" means:

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COMMITTEE AMENDMENT "A" to S.P. 586, L.D. 1605

2		A. All services provided by health clubs, fitness clubs,
4		athletic clubs and personal fitness trainers and coaches,
4		other than the sale of meals and the rental of living quarters;
6		
		B. Admission to fairs, including state fairs, county fairs,
8		agricultural fairs and book fairs;
10		C. Admission to sporting events, including horse races;
12		D. Admission to exhibition shows that are open to the
		general public, including flower and garden shows, animal
14		shows and auto shows and watercraft shows;
16		E. Admission to motion pictures, concerts, plays, musicals,
1.0		ballets, operas, comedy shows, puppet shows, magic shows,
18		carnivals, circuses and theatrical productions;
20		F. Admission to dance halls, amusement parks, theme parks,
		miniature golf courses, snow parks and water parks;
22		
		G. All services, including lessons, provided by flight
24		centers, marinas, golf courses, driving ranges, shooting
26		ranges, alpine ski areas, cross-country ski touring centers, ice skating rinks, roller-skating rinks, dance halls and
20		centers, bowling centers, swimming pools, racetracks,
28		billiard parlors, riding stables, whitewater rafting centers
		and recreational athletic facilities of any kind, other than
30		the sale of meals and the rental of living quarters;
32		H. Services provided by, and the charging of fees for
34		admission to or membership in, commercial recreational membership organizations, including health and fitness
31		clubs, golf clubs, tennis clubs and country clubs, whether
36		payable by annual fee or otherwise;
38		I. Admission to privately owned and operated museums,
4.0		planetariums, historical sites, zoological parks, zoological
40		gardens, wild animal parks, petting zoos, botanical gardens and aquariums; and
42		and advantament and
		J. Airplane, helicopter, balloon, dirigible, blimp,
44		watercraft, railroad, bus and wagon rides for amusement or
		sight-seeing purposes.
46		Son F 2 26 MDCA 91752 cul 917 D
48	672	Sec. E-2. 36 MRSA §1752, sub-§17-B, as enacted by PL 2003, c. Pt. V. §19 and affected by §29, is amended to read:
T U	0/3,	TO A NTA CHA CITECTED DA ASA, IS SWEDDED TO LESO:

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COMMITTEE AMENDMENT "A" to S.P. 586, L.D. 1605

	3	l7-B.	Taxab	le s	erv:	ice.	"Taxable	e serv	ice"	means	the	rental
οf	liv	ving	quarter	s in	a	hotel,	roomin	g hous	e, t	ourist	or	trailer
can	np;	the	trans	nissi	.on	and	distrib	ution	of	electr	icit	y; the
ren	ıtal	or	lease	of	an	autom	obile;	amusem	ent	and r	ecre	ationa)
ser	vic	es;	and the	sale	of	prepa	aid call:	ing se	rvice	∍.		

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Sec. E-3. Effective date. This Part takes effect January 1, 2007.

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PART F

Sec. F-1. 36 MRSA §1752, sub-§3-B, as amended by PL 1999, c. 698, §1 and affected by §3, is further amended to read:

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- 3-B. Grocery staples. "Grocery staples" means food products ordinarily consumed for human nourishment.
- "Grocery staples" does not include spirituous, malt or vinous liquors; soft drinks, iced tea, sodas or beverages such as are ordinarily dispensed at bars or soda fountains or in connection with bars or soda fountains; medicines, tonics, vitamins and preparations in liquid, powdered, granular, tablet, capsule, lozenge or pill form, sold as dietary supplements or adjuncts, except when sold on the prescription of a physician; water, including mineral bottled and carbonated waters and ice; dietary substitutes; candy and confections; snack food; and prepared food.

Sec. F-2. 36 MRSA §1752, sub-§14-F is enacted to read:

14-F. Snack food. "Snack food" means any item that is 30 ordinarily sold for consumption without further preparation or 32 that requires no preparation other than combining the item with a liquid; that may be stored unopened without refrigeration, except that ice cream, ice milk, frozen yogurt and sherbet are snack 34 foods; and that is not generally considered a major component of a well-balanced meal. "Snack food" includes, but is not limited 36 to, corn chips, potato chips, processed fruit snacks, fruit 38 rolls, fruit bars, popped popcorn, pork rinds, pretzels, cheese sticks, cheese puffs, granola bars, breakfast bars, bread sticks, roasted nuts, doughnuts, cookies, crackers, pastries, toaster 40 pastries, croissants, cakes, pies, ice cream cones, marshmallows, 42 marshmallow creme, soft drinks, ice cream sauces, ready-to-eat puddings, beef jerky, meat bars and dips.

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Sec. F-3. Effective date. This Part takes effect January 1, 2007.

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PART G

Sec. G-1. Appropriations and allocations. The following appropriations and allocations are made.

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2	ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF	
4		
6	Maine Revenue Services 0002	
8	Initiative: Provides one-time funds for the administrat associated with the changes to the sales and use tax.	ive costs
10	GENERAL FUND 2005-06 All Other \$0	2006-07 \$37,750
12	GENERAL FUND TOTAL \$0	\$37,750'
14	Q222 102 202 40	****
16	SUMMARY	
18 20	This bill makes changes to the State's sales tax a tax. The income tax changes apply to tax years beginn after January 1, 2007. The sales tax changes take effect 1, 2007.	ing on or
22	Part A expands the low-income tax credit from \$	\$2 000 to
24 26	\$4,000 for individuals, married persons filing separate and heads of household and from \$2,000 to \$8,000 for filing married joint returns.	e returns
28	Part B restores the income tax standard deduc	tion for
30	married persons to the same amount as the federal deduction.	
32	Part C increases the taxable income threshold application of the highest income tax rate under the i	
34	income tax to \$31,000 for single individuals and marrie filing separate returns, \$46,500 for persons filing as	d persons
36	household and \$62,000 for persons filing married joint re	
38	Part D increases the sales tax on meals and lodging	g from 7%
40	to 8%.	
42	Part E extends the sales tax to amusement and rec services.	reational
44	Part F extends the sales tax to snack food.	
46	Part G adds an appropriations and allocations section	n.

FISCAL NOTE REQUIRED (See attached):

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122nd MAINE LEGISLATURE

LD 1605

LR 0362(02)

An Act To Reform the Income Tax for Middle-income and Lower-income Families

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	\$0	\$4,551,667	\$1,927,724	\$2,188,623
Appropriations/Allocations		and the second s		
General Fund	\$0	\$37,750	\$0	\$.
Revenue				
General Fund	\$0	(\$4,513,917)	(\$1,927,724)	(\$2,188,623)
Other Special Revenue Funds	\$0	(\$242,581)	(\$105,740)	(\$120,051)

Fiscal Detail and Notes

The net General Fund cost of the bill is estimated to be \$4,551,667 in fiscal year 2006-07.

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
General Fund Summary				
Individual Income Tax	\$0	(\$23,694,683)	(\$60,204,724)	(\$62,047,618)
Sales and Use Tax	\$0	\$19,180,767	\$58,276,999	\$59,858,995
	\$0	(\$4,513,917)	(\$1,927,724)	(\$2,188,623)