MAINE STATE LEGISLATURE

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1	L.D. 641
2	Date: 6/18/7 (Filing No. H- 602)
	Majority TAXATION
3	TAXATION
4	Reproduced and distributed under the direction of the Clerk of the House.
5	STATE OF MAINE
6	HOUSE OF REPRESENTATIVES
7	123RD LEGISLATURE
8	FIRST REGULAR SESSION
9	COMMITTEE AMENDMENT "A" to H.P. 490, L.D. 641, Bill, "An Act To Amend the Nonresident Income Tax Filing Requirements"
1	Amend the bill in section 2 by striking out all of subsection 8-B (page 1, lines 5 to 23 in L.D.) and inserting the following:
3	'8-B. Minimum taxability threshold. Minimum taxability thresholds for nonresidents are governed by this subsection.
5 6 7 8	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 the State 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.
20 21 22 23 24 25 26	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 the State and subject to taxation under this Part only if the nonresident individual was present in the State for business more than 12 days during the taxable year and earns or derives more than \$3,000 of gross income during the taxable year from contractual or sales-related activities.
27 28	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:
29 30	 Personal services performed in connection with presenting or receiving employment-related training or education;
31 32 33 34	(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;

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COMMITTEE AMENDMENT " to H.P. 490, L.D. 641

1 2 3	(3) Personal services performed in connection with research and development at a Maine-based facility or connected with installation of new or upgraded equipment or systems; or						
4 5	(4) Personal services performed as part of a project team working on attraction or implementation of new investment in a Maine-based facility.'						
6 7	Amend the bill in section 3 by striking out all of subsection 2 (page 1, lines 26 to 31 in L.D.) and inserting the following:						
8 9 10 11 12 13	'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-A 8-B is not subject to taxation under this Part and need not file a return;'						
14	Amend the bill by inserting after section 4 the following:						
15 16	'Sec. 5. Appropriations and allocations. allocations are made.	The following approp	oriations and				
17	ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF						
18	Revenue Services - Bureau of 0002						
19 20 21	Initiative: Provides funds for the administrative costs associated with increasing the minimum taxability threshold, including funds for one Revenue Agent position and one Tax Examiner position effective January 1, 2008.						
22	GENERAL FUND	2007-08	2008-09				
23	POSITIONS - LEGISLATIVE COUNT	2.000	2.000				
24	Personal Services	\$57,802	\$121,803				
25	All Other	\$23,642	\$19,515				
26							
27	GENERAL FUND TOTAL	\$81,444	\$141,318				
28	,						
29	SUMMARY						
30 31 32 33	This amendment provides new minimum taxabilit new thresholds permit greater income-earning activity. Maine income tax liability is triggered. The ame determination of taxability in the State up to 24 days.	by nonresidents in the ndment also exclud	e State before les from the				

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COMMITTEE AMENDMENT " A " to H.P. 490, L.D. 641



1	certain training, management functions, equipment upgrade and new investment.	The
2	amendment also adds an appropriations and allocations section.	

FISCAL NOTE REQUIRED
(See attached)

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123rd MAINE LEGISLATURE

LD 641

LR 2291(02)

An Act To Amend the Nonresident Income Tax Filing Requirements

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

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	2007-08	2008-09	Projections 2009-10	Projections 2010-11
Net Cost (Savings)				
General Fund	\$3,187,046	\$2,606,986	\$2,684,371	\$2,766,875
Appropriations/Allocations				
General Fund	\$81,444	\$141,318	\$147,409	\$153,804
Revenue				
General Fund	(\$3,105,602)	(\$2,465,668)	(\$2,536,962)	(\$2,613,071)
Other Special Revenue Funds	(\$166,898)	(\$132,507)	(\$139,158)	(\$143,333)

Fiscal Detail and Notes

Changing the minimum taxability threshold for nonresidents will reduce General Fund revenue by an estimated \$3,105,602 in fiscal year 2007-08 and \$2,465,668 in fiscal year 2008-09. This bill also includes a General Fund appropriation of \$81,444 in fiscal year 2007-08 and \$141,318 in fiscal year 2008-09 for Maine Revenue Services' administrative costs.