

MAINE STATE LEGISLATURE

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Date: 5-6-09

(Filing No. S-134)

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STATE OF MAINE

SENATE

124TH LEGISLATURE

FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 35, L.D. 86, Bill, "An Act To Conform the Maine Tax Laws for 2008 to the United States Internal Revenue Code"

Amend the bill by striking out the title and substituting the following:

'An Act Regarding Conformity of Maine Tax Laws with the United States Internal Revenue Code'

Amend the bill by striking out everything after the enacting clause and before the emergency clause and inserting the following:

PART A

Sec. A-1. 36 MRSA §111, sub-§1-A, as amended by PL 2007, c. 539, Pt. CCC, §1 and affected by §19, is further amended to read:

1-A. Code. "Code" means the United States Internal Revenue Code of 1986 and amendments to that Code as of February 13, 2008 February 17, 2009.

PART B

Sec. B-1. 36 MRSA §5122, sub-§1, ¶Z, as enacted by PL 2007, c. 539, Pt. CCC, §4, is amended to read:

Z. For income tax years beginning on or after January 1, 2008, the amount of any qualified state and local tax benefit and any qualified payment excluded from gross income pursuant to the Code, Section 139(b); and

Sec. B-2. 36 MRSA §5122, sub-§1, ¶AA, as enacted by PL 2007, c. 539, Pt. CCC, §5, is amended to read:

AA. For taxable years beginning on or after January 1, 2008 but prior to January 1, 2010, an amount equal to the net increase in depreciation attributable to the 50% bonus depreciation deduction claimed by the taxpayer pursuant to Section 103 of the

COMMITTEE AMENDMENT

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1 ~~Economic Stimulus Act of 2008, Public Law 110-185 with respect to property placed~~
2 ~~in service during the taxable year under Section 168(k) of the Code arising from~~
3 ~~amendments to the Code applicable to taxable years beginning on or after January 1,~~
4 ~~2008; and~~

5 **Sec. B-3. 36 MRSA §5122, sub-§2, ¶AA**, as corrected by RR 2007, c. 2, §23, is
6 amended to read:

7 AA. For taxable years beginning on or after January 1, 2009, an amount equal to the
8 net decrease in the depreciation deductions allowable under ~~sections~~ Sections 167 and
9 168 of the Code that would have been applicable to that property had the 50% bonus
10 depreciation deduction under ~~Section 103 of the Economic Stimulus Act of 2008,~~
11 ~~Public Law 110-185~~ Section 168(k) of the Code not been claimed with respect to
12 such property placed in service on or after January 1, 2008 for which an addition was
13 required under subsection 1, paragraph AA in a prior year.

14 Upon the taxable disposition of property to which this paragraph applies, the amount
15 of any gain or loss includable in federal adjusted gross income must be adjusted for
16 Maine income tax purposes by an amount equal to the difference between the
17 addition modification for such property under subsection 1, paragraph AA and the
18 subtraction modifications allowed pursuant to this paragraph.

19 The total amount of subtraction claimed for property under this paragraph for all tax
20 years may not exceed the addition modification under subsection 1, paragraph AA for
21 the same property; ~~and~~

22 **Sec. B-4. 36 MRSA §5200-A, sub-§1, ¶T**, as amended by PL 2007, c. 700, Pt.
23 B, §2, is further amended to read:

24 T. For taxable years beginning on or after January 1, 2008 ~~but prior to January 1,~~
25 ~~2010~~, an amount equal to the net increase in depreciation attributable to the 50%
26 bonus depreciation deduction claimed by the taxpayer pursuant to ~~Section 103 of the~~
27 ~~Economic Stimulus Act of 2008, Public Law 110-185 with respect to property placed~~
28 ~~in service during the taxable year under Section 168(k) of the Code arising from~~
29 ~~amendments to the Code applicable to taxable years beginning on or after January 1,~~
30 ~~2008; and~~

31 **Sec. B-5. 36 MRSA §5200-A, sub-§2, ¶R**, as amended by PL 2007, c. 700, Pt.
32 B, §5, is further amended to read:

33 R. For taxable years beginning on or after January 1, 2009, an amount equal to the
34 net decrease in the depreciation deductions allowable under ~~sections~~ Sections 167 and
35 168 of the Code that would have been applicable to that property had the 50% bonus
36 depreciation deduction under ~~Section 103 of the Economic Stimulus Act of 2008,~~
37 ~~Public Law 110-185~~ Section 168(k) of the Code not been claimed with respect to
38 such property placed in service on or after January 1, 2008 for which an addition was
39 required under subsection 1, paragraph T in a prior year.

40 Upon the taxable disposition of property to which this paragraph applies, the amount
41 of any gain or loss includable in federal adjusted gross income must be adjusted for
42 Maine income tax purposes by an amount equal to the difference between the

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1 addition modification for such property under subsection 1, paragraph T and the
2 subtraction modifications allowed pursuant to this paragraph.

3 The total amount of subtraction claimed for property under this paragraph for all tax
4 years may not exceed the addition modification under subsection 1, paragraph T for
5 the same property; and

6 **PART C**

7 **Sec. C-1. 36 MRSA §5122, sub-§1, ¶BB** is enacted to read:

8 BB. For tax years beginning on or after January 1, 2009 but before January 1, 2011,
9 an amount equal to the gross income during the taxable year from the discharge of
10 indebtedness deferred under Section 108(i) of the Code.

11 **Sec. C-2. 36 MRSA §5122, sub-§2, ¶BB**, as reallocated by RR 2007, c. 2, §24,
12 is amended to read:

13 BB. The amount of pension benefits to the extent included in federal adjusted gross
14 income under a military retirement plan as defined in paragraph M that exceed the
15 amount of military retirement plan pension benefits deducted under paragraph M and
16 that are received by a person who practices as a licensed dentist in this State for an
17 average of at least 20 hours per week during the tax year and who accepts patients
18 who receive benefits under the MaineCare program administered under Title 22,
19 chapter 855-; and

20 **Sec. C-3. 36 MRSA §5122, sub-§2, ¶CC** is enacted to read:

21 CC. An amount equal to the gross income from the discharge of indebtedness
22 previously deferred under Section 108(i) of the Code and included in federal adjusted
23 gross income. The total subtraction for all years under this paragraph may not exceed
24 the amount of the addition modification under subsection 1, paragraph BB for the
25 same indebtedness.

26 **Sec. C-4. 36 MRSA §5200-A, sub-§1, ¶U**, as enacted by PL 2007, c. 700, Pt. B,
27 §3, is amended to read:

28 U. For tax years beginning in 2008, 10% of the absolute value in excess of \$100,000
29 of any net operating loss that, pursuant to the Code, Section 172, is being carried over
30 for federal income tax purposes to the taxable year by the taxpayer-; and

31 **Sec. C-5. 36 MRSA §5200-A, sub-§1, ¶V** is enacted to read:

32 V. For tax years beginning on or after January 1, 2009 but before January 1, 2011, an
33 amount equal to the gross income during the taxable year from the discharge of
34 indebtedness deferred under Section 108(i) of the Code.

35 **Sec. C-6. 36 MRSA §5200-A, sub-§2, ¶S**, as enacted by PL 2007, c. 700, Pt. B,
36 §6, is amended to read:

37 S. An amount equal to the value of any prior year addition modification under
38 subsection 1, paragraph U, but only to the extent that:

- 39 (1) Maine taxable income is not reduced below zero;

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1 (2) The taxable year is within the allowable federal period for carryover of the
2 net operating loss plus one year; and

3 (3) The amount has not been previously used as a modification pursuant to this
4 subsection; and

5 **Sec. C-7. 36 MRSA §5200-A, sub-§2, ¶T** is enacted to read:

6 T. An amount equal to the gross income from the discharge of indebtedness
7 previously deferred under Section 108(i) of the Code and included in federal taxable
8 income. The total subtraction for all years under this paragraph may not exceed the
9 amount of the addition modification under subsection 1, paragraph V for the same
10 indebtedness.

11 **PART D**

12 **Sec. D-1. 36 MRSA §5124-A, first ¶,** as amended by PL 2005, c. 12, Pt. P, §5, is
13 further amended to read:

14 The standard deduction of a resident individual is equal to the standard deduction as
15 determined in accordance with the Code, Section 63, exclusive of the Code, Section
16 63(c)(1)(C) and Section 63(c)(1)(E), except that for tax years beginning after 2002, the
17 Code, Section 63(c)(2) must be applied as if the basic standard deduction is \$5,000 in the
18 case of a joint return and a surviving spouse and \$2,500 in the case of a married
19 individual filing a separate return.

20 **PART E**

21 **Sec. E-1. Application.** This Act applies to tax years beginning on or after January
22 1, 2008 unless otherwise indicated and to any prior years as specifically provided by the
23 United States Internal Revenue Code.

24 **SUMMARY**

25 This amendment strikes the bill and does the following.

26 Part A updates references to the United States Internal Revenue Code contained in
27 the Maine Revised Statutes, Title 36 to the United States Internal Revenue Code as
28 amended through February 17, 2009, for tax years beginning on or after January 1, 2008
29 and for any prior years as specifically provided by the United States Internal Revenue
30 Code. The amendment primarily affects Maine's income tax and estate tax laws.

31 Part B extends nonconformity with federal bonus depreciation provisions applicable
32 to property placed in service after 2008, including the bonus depreciation provisions
33 recently enacted in the federal American Recovery and Reinvestment Act of 2009.

34 Part C decouples from the deferral of recognition of income from discharge of certain
35 business indebtedness as enacted by the federal American Recovery and Reinvestment
36 Act of 2009.

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COMMITTEE AMENDMENT "A" to S.P. 35, L.D. 86

1 Part D decouples the Maine individual income tax standard deduction amounts from
2 the federal additional standard deduction amounts for real estate property taxes paid on
3 personal residences and state sales and excise taxes paid on the purchase of certain motor
4 vehicles. The additional federal standard deduction amount for real estate property taxes
5 generally applies to tax years beginning in 2008 and 2009. The additional federal
6 standard deduction amount for state sales and excise taxes generally applies to tax years
7 beginning in 2009.

FISCAL NOTE REQUIRED
(See attached)



124th MAINE LEGISLATURE

LD 86

LR 349(02)

An Act To Conform the Maine Tax Laws for 2008 to the United States Internal Revenue Code

Fiscal Note for Bill as Amended by Committee Amendment "A"
Committee: Taxation
Fiscal Note Required: Yes

Fiscal Note

	2009-10	2010-11	Projections 2011-12	Projections 2012-13
Net Cost (Savings)				
General Fund	\$3,389,261	\$429,182	\$0	\$0
Revenue				
General Fund	(\$3,389,261)	(\$429,182)	\$0	\$0
Other Special Revenue Funds	(\$182,142)	(\$23,065)	\$0	\$0

Fiscal Detail and Notes

Conforming to federal tax law changes, including exempting the first \$2400 of unemployment compensation from taxable income in 2009 and modifying the Earned Income Tax Credit rate, will reduce individual income tax collections. General Fund revenue will decrease by \$3,389,261 in FY 2009-10 and \$429,182 in FY 2010-11. Local Government Fund revenue will decrease by \$182,142 in FY 2009-10 and \$23,065 in FY 2010-11. Additional administrative costs to Maine Revenue Services associated with conforming can be absorbed within existing budgeted resources.