

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
124TH LEGISLATURE  
FIRST REGULAR SESSION

HOUSE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 750,  
L.D. 1088, Bill, "An Act To Modernize the Tax Laws and Provide over \$75,000,000 to  
Residents of the State in Tax Relief"

Amend the amendment by striking out all of pages 1 to 10 and page 11, lines 1 to 31  
and inserting the following:

'Amend the bill by striking out all of Parts A, B and C and inserting the following:

PART A

Sec. A-1. 5 MRSA §1518-A, as enacted by PL 2005, c. 2, Pt. A, §4 and affected  
by §14, is amended to read:

§1518-A. Tax Relief Fund for Maine Residents

1. Tax Relief Fund for Maine Residents. There is created the Tax Relief Fund for  
Maine Residents, referred to in this section as "the fund," which must be used to provide  
tax relief to residents of the State. The fund consists of all resources transferred to the  
fund under this section and section 1536 and other resources made available to the fund.

2. Nonlapsing fund. Any unexpended balance in the Tax Relief Fund for Maine  
Residents may fund does not lapse but must be is carried forward to be used pursuant to  
subsection 1.

3. Transfer from revenue growth. Beginning with fiscal year 2010-11, at the close  
of each fiscal year, the State Controller shall transfer to the fund any General Fund  
revenue received by the State for the fiscal year being closed that exceeds the amount of  
revenue received by the State for the previous fiscal year, adjusted by the growth  
limitation factor calculated under section 1534, subsection 2.

4. Income tax reduction. Amounts contained in the fund must be used to reduce  
individuals' income taxes. The State Tax Assessor shall present legislation annually to  
reduce the income tax burden pursuant to this section. This legislation must use any  
amounts contained in the fund to:

A. Reduce individual income tax rates until a top rate of 4.5% is reached; and

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B. Increase the income threshold to \$30,000, below which heads of households and married couples filing jointly pay no state income tax.'

Amend the amendment in Part E by striking out all of section 1 and inserting the following:

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

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

**Revenue Services - Bureau of 0002**

Initiative: Provides funding for 5 Tax Examiner positions and one Senior Tax Examiner position beginning October 1, 2010 to implement the individual income tax and rent and property refund tax law changes.

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<b>GENERAL FUND</b>	<b>2009-10</b>	<b>2010-11</b>
POSITIONS - LEGISLATIVE COUNT	0.000	6.000
Personal Services	\$0	\$340,479
All Other	\$0	\$506,121
<b>GENERAL FUND TOTAL</b>	<b>\$0</b>	<b>\$846,600</b>

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Amend the amendment by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

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**SUMMARY**

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This amendment strikes all of Parts A, B and C of the bill, which proposed changes to the income tax, sales tax and real estate transfer tax, and the changes made by Committee Amendment "A" to those parts. This amendment instead requires the transfer to the Tax Relief Fund for Maine Residents, beginning in fiscal year 2010-11; of any growth in revenues over the previous fiscal year adjusted by the growth limitation factor. Money in the fund is to be used to reduce the overall individual income tax burden by reducing the tax rates until the top rate is reduced to 4.5% and increasing to \$30,000 the income threshold below which families will not pay income tax. It also strikes and replaces the appropriation in Part E of Committee Amendment "A".

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**FISCAL NOTE REQUIRED**

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(See attached)

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SPONSORED BY: Kathleen D. Chase

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(Representative CHASE)

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TOWN: Wells



# 124th MAINE LEGISLATURE

LD 1088

LR 1600(05)

An Act To Modernize the Tax Laws and Provide over \$75,000,000 to Residents of the State in Tax Relief

Fiscal Note for House Amendment "B" to Committee Amendment "A"

Sponsor: Rep. Chase of Wells

Fiscal Note Required: Yes

## Fiscal Note

	2009-10	2010-11	Projections 2011-12	Projections 2012-13
<b>Net Cost (Savings)</b>				
General Fund	\$8,166,927	(\$6,454,491)	(\$5,148,136)	\$29,296,329
<b>Appropriations/Allocations</b>				
General Fund	(\$523,073)	(\$664,491)	(\$448,136)	(\$470,537)
Other Special Revenue Funds	\$0	(\$740,000)	(\$1,860,000)	(\$1,850,000)
<b>Revenue</b>				
General Fund	(\$8,690,000)	\$5,790,000	\$4,700,000	(\$4,680,000)
Other Special Revenue Funds	(\$350,000)	(\$310,000)	(\$1,510,000)	(\$1,970,000)
<b>Transfers</b>				
General Fund	\$0	\$0	\$0	(\$25,086,866)

### Fiscal Detail and Notes

This amendment eliminates all the income tax, sales tax and Real Estate Transfer Tax changes proposed in the committee amendment. It retains the Tax and Rent Refund Program changes. It also creates the Tax Relief Fund for Maine Residents so that it will receive revenue in excess of a certain calculated growth limitation factor. It is not until fiscal year 2012-13 that the projected revenue growth rate will be sufficient to trigger the first transfer, estimated to be \$25,086,866, from the unappropriated surplus of the General Fund to the Tax Relief Fund for Maine Residents. The State Tax Assessor will present legislation annually to reduce the individual income tax burden utilizing the money in the Tax Relief Fund.

### Detail of GF Revenue Changes Eliminated

<b>Flat Tax Rate @ 6.5% and various new credits</b>	\$35,650,000	\$94,130,000	\$94,950,000	\$89,540,000
<b>Sales and Use Tax</b>				
Meals and Lodging @ 8.5%	(\$13,318,867)	(\$34,382,265)	(\$35,243,073)	(\$36,559,335)
Candy @ 8.5%	(\$1,413,600)	(\$3,453,820)	(\$3,427,809)	(\$3,533,610)
Short-term auto rentals @ 12.5% 10/01/09	(\$627,000)	(\$1,254,000)	(\$1,282,500)	(\$1,330,000)
Expands Sales and Use Tax base *	(\$27,100,533)	(\$46,059,915)	(\$46,536,618)	(\$48,457,055)
<b>Real Estate Transfer Tax</b>				
Graduated Tax Based on Value > \$500,000	(\$1,880,000)	(\$3,190,000)	(\$3,760,000)	(\$4,340,000)
<b>Total General Fund Revenue Change</b>	<b>(\$8,690,000)</b>	<b>\$5,790,000</b>	<b>\$4,700,000</b>	<b>(\$4,680,000)</b>