

# MAINE STATE LEGISLATURE

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ROES

L.D. 1746

Date: 5-15-12

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
125TH LEGISLATURE  
SECOND REGULAR SESSION

HOUSE AMENDMENT "N" to COMMITTEE AMENDMENT "A" to S.P. 600,  
L.D. 1746, Bill, "An Act To Make Supplemental Appropriations and Allocations for the  
Expenditures of State Government and To Change Certain Provisions of the Law  
Necessary to the Proper Operations of State Government for the Fiscal Years Ending  
June 30, 2012 and June 30, 2013"

Amend the amendment by inserting after Part HH the following:

'PART II

**Sec. II-1. Tax fairness and responsibility.** The joint standing committee of the  
Legislature having jurisdiction over appropriations and financial affairs shall, by January  
15, 2013, report legislation to the First Regular Session of the 126th Legislature that  
contains the following provisions.

**1. Tax fairness.** The legislation must include provisions imposing a tax equalization  
payment on resident individual taxpayers whose expanded income is among the top 1%  
of all resident individual taxpayer incomes. The payment must be based on a tax  
equalization assessment that is applied to every resident individual taxpayer whose  
income is determined, solely on the basis of expanded income and with respect to the  
most recent tax incidence analysis report filed by the Department of Administrative and  
Financial Services, Bureau of Revenue Services with the Legislature under the Maine  
Revised Statutes, Title 36, section 200, to fall within the top 1% of resident individual  
taxpayers. The payment must ensure that no resident individual taxpayer whose income  
is within the top 1% based on expanded income has a lower state and local tax burden  
than the average of taxpayers whose incomes are not within the top 1%.

**2. Tax and budget responsibility.** The legislation must include provisions that  
establish a separate nonlapsing fund for receipt of revenue from the tax equalization  
payment. Amounts in the fund must be transferred to the General Fund to provide a  
supplemental payment to persons receiving benefits under the Maine Public Employees  
Retirement System during the periods when no cost-of-living adjustment is allowed under  
Public Law 2011, chapter 380, Part T, section 21 and to reimburse the General Fund for  
the cost of the following tax expenditures adopted after May 1, 2012 in the following  
order of priority:

**R.O.F.S**

1 A. An amendment of the law governing the income tax deduction for certain  
2 retirement plan benefits under the Maine Revised Statutes, Title 36, section 5122,  
3 subsection 2, paragraph M-1 to increase the deduction to \$14,000. The cost of this  
4 tax expenditure must be determined in comparison to what the cost would have been  
5 under former Title 36, section 5122, subsection 2, paragraph M;

6 B. The income tax exemption for certain military compensation available under Title  
7 36, section 5122, subsection 2, paragraph LL;

8 C. The expansion of the sales tax exemption or refund for certain products used in  
9 commercial agricultural production and commercial wood harvesting enacted in this  
10 Act;

11 D. The increase enacted in this Act in the maximum amount of capital or equity  
12 investment in or loan to a qualified active low-income community business from  
13 \$10,000,000 to \$40,000,000 under the new markets capital investment credit;

14 E. An amendment of the law governing the earned income credit under Title 36,  
15 section 5219-S making the credit refundable; and

16 F. An amendment of the law governing the earned income credit under Title 36,  
17 section 5219-S increasing the credit to 10% of the federal credit.

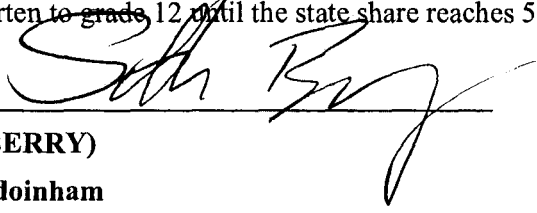
18 The legislation must provide that any money remaining in the fund after reimbursing the  
19 General Fund for expenditures under this subsection must be used to increase the state  
20 share of general purpose aid for public education for kindergarten to grade 12 until the  
21 state share reaches 55%.'

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

24 **SUMMARY**

25 This amendment directs the joint standing committee of the Legislature having  
26 jurisdiction over appropriations and financial affairs by January 15, 2013 to report  
27 legislation to the First Regular Session of the 126th Legislature that provides for tax  
28 fairness and responsibility. The legislation must establish a tax equalization payment to  
29 narrow the gap in tax burden between the top 1% of all resident taxpayers and the bottom  
30 99% based on expanded income. The legislation must provide that revenue from the  
31 equalization payment must be paid to a nonlapsing fund to be used to provide a  
32 supplemental payment to public retirees during the period when cost-of-living  
33 adjustments are not allowed and to reimburse the General Fund for the loss of revenue  
34 resulting from new tax expenditures, including an increase in the pension deduction under  
35 the income tax laws to \$14,000, and from expanding the earned income credit. Any  
36 remaining funds must be used to increase the state share of general purpose aid for public  
37 education for kindergarten to grade 12 until the state share reaches 55%.

38 **SPONSORED BY:** \_\_\_\_\_



39 **(Representative BERRY)**

40 **TOWN: Bowdoinham**