

MAINE STATE LEGISLATURE

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127th MAINE LEGISLATURE

FIRST REGULAR SESSION-2015

Legislative Document

No. 367

S.P. 135

In Senate, February 12, 2015

An Act To Protect the Income of Service Workers

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script, reading "Heather J.R. Priest".

HEATHER J.R. PRIEST
Secretary of the Senate

Presented by Senator BRAKEY of Androscoggin.
Cosponsored by Senator: DAVIS of Piscataquis, Representatives: CRAFTS of Lisbon,
GUERIN of Glenburn, HICKMAN of Winthrop, SANDERSON of Chelsea, VACHON of
Scarborough.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 36 MRSA §5122, sub-§2, ¶LL**, as repealed and replaced by PL 2013, c.
3 588, Pt. A, §46 and affected by §47, is amended to read:

4 LL. To the extent included in federal adjusted gross income and to the extent
5 otherwise subject to Maine income tax, an amount equal to military compensation
6 earned during the taxable year for service performed outside of this State pursuant to
7 written military orders:

8 (1) For active duty service in the active components of the United States Army,
9 Navy, Air Force, Marines or Coast Guard by a service member whose permanent
10 duty station during such service is located outside of this State; and

11 (2) For active duty service in the active or reserve components of the United
12 States Army, Navy, Air Force, Marines or Coast Guard or in the Maine National
13 Guard by a service member in support of a federal operational mission or a
14 declared state or federal disaster response when the orders are either at federal
15 direction or at the direction of the Governor of this State; ~~and~~

16 **Sec. 2. 36 MRSA §5122, sub-§2, ¶MM**, as enacted by PL 2013, c. 368, Pt. TT,
17 §8, is amended to read:

18 MM. For taxable years beginning on or after January 1, 2014, an amount equal to the
19 net increase in the depreciation deduction allowable under the Code, Sections 167
20 and 168 that would have been applicable to that property had the depreciation
21 deduction under the Code, Section 168(k) not been claimed with respect to such
22 property placed in service during the taxable year beginning in 2013 for which an
23 addition was required under subsection 1, paragraph HH, subparagraph (2) for the
24 taxable year beginning in 2013.

25 Upon the taxable disposition of property to which this paragraph applies, the amount
26 of any gain or loss includable in federal adjusted gross income must be adjusted for
27 Maine income tax purposes by an amount equal to the difference between the
28 addition modification for such property under subsection 1, paragraph HH,
29 subparagraph (2) and the subtraction modifications allowed pursuant to this
30 paragraph.

31 The total amount of subtraction claimed under this paragraph for all tax years may
32 not exceed the addition modification under subsection 1, paragraph HH,
33 subparagraph (2) for the same property; ~~and~~

34 **Sec. 3. 36 MRSA §5122, sub-§2, ¶NN** is enacted to read:

35 NN. To the extent included in federal adjusted gross income, cash tips received from
36 customers.

37 **Sec. 4. Application.** This Act applies to tax years beginning on or after January 1,
38 2015.

SUMMARY

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This bill exempts from Maine income tax all tips included in federal adjusted gross income.