1	L.D. 849
2	Date: (Filing No. S-)
3	Reproduced and distributed under the direction of the Secretary of the Senate.
4	STATE OF MAINE
5	SENATE
6	125TH LEGISLATURE
7	FIRST REGULAR SESSION
8 9 10	SENATE AMENDMENT "" to COMMITTEE AMENDMENT "A" to S.P. 252, L.D. 849, Bill, "An Act To Provide Tax Relief for Maine's Citizens by Reducing Income Taxes"
11 12	Amend the amendment by striking out all of sections 1 and 2 (page 1, lines 12 to 36 and page 2, lines 1 to 27 in amendment) and inserting the following:
13 14	'Sec. 1. 5 MRSA §1518-A, sub-§1, as enacted by PL 2005, c. 2, Pt. A, §4 and affected by §14, is amended to read:
15 16 17 18 19 20	1. Tax Relief Fund for Maine Residents. There is created the Tax Relief Fund for Maine Residents, <u>referred to in this section as "the fund,"</u> which must be used to provide tax relief to residents of the State. The fund consists of all resources transferred to the fund under <u>section 1518-B and</u> section 1536 and other resources made available to the fund. <u>The fund must be used to reduce the individual income tax rates until they reach 4.5% pursuant to subsection 1-A.</u>
21	Sec. 2. 5 MRSA §1518-A, sub-§1-A is enacted to read:
22 23 24	<u>1-A. Implementation.</u> By July 1, 2013 and annually thereafter, the State Controller shall inform the State Tax Assessor of the amount available in the fund for the purposes of subsection 1.
25 26 27 28 29 30 31 32 33 34	A. By November 1st annually, the State Tax Assessor shall calculate the amount by which the income tax rates under Title 36, section 5111 may be reduced. Bracket rate reductions must be a minimum of 0.2 percentage points in the first year in which reductions are made and a minimum of 0.1 percentage points in subsequent years. If sufficient funds are not available to pay for the minimum reduction, a rate reduction may not be made until the amount in the fund is sufficient to pay for the reduction. When the amount is sufficient to pay for the reduction, the reduction must first be applied equally to each bracket for all categories under Title 36, section 5111 until one of the brackets reaches 4.5%, at which time the funds in subsequent years must be applied to the remaining bracket until there is a single bracket with a rate of 4.5%.
35 36	<u>B.</u> The State Tax Assessor shall provide public notice of new bracket rates calculated under this subsection by November 15th annually.

Page 1 - 125LR0149(05)-1

- 1 C. New bracket rates take effect beginning with tax years that begin on or after January 1st of the calendar year following the determinations made under this 2 3 subsection.' Amend the amendment by striking out all of sections 5 to 10 and inserting the 4 5 following: 6 'Sec. 5. 36 MRSA §5111, sub-§1-B, as enacted by PL 1999, c. 731, Pt. T, §3, is 7 amended to read: 8 1-B. Single individuals and married persons filing separate returns; tax years from 2002 to 2012. For tax years beginning on or after January 1, 2002 but not later than 9 December 31, 2012, for single individuals and married persons filing separate returns: 10 11 If Maine Taxable income is: The tax is: 12 Less than \$4.200 2% of the Maine taxable income At least \$4,200 but less than \$8,350 \$84 plus 4.5% of the excess over \$4,200 13 14 At least \$8,350 but less than \$16,700 \$271 plus 7% of the excess over \$8,350 \$16.700 or more \$856 plus 8.5% of the excess over \$16,700 15 16 Sec. 6. 36 MRSA §5111, sub-§1-C is enacted to read: 17 1-C. Single individuals and married persons filing separate returns; tax years beginning 2013. For tax years beginning on or after January 1, 2013, for single 18 individuals and married persons filing separate returns: 19 20 If Maine Taxable income is: The tax is: At least \$5,000 but less than \$19,950 21 6.5% of the excess over \$5,000 \$972 plus 7.95% of the excess over 22 \$19,950 or more 23 \$19,950 24 Sec. 7. 36 MRSA §5111, sub-§2-B, as enacted by PL 1999, c. 731, Pt. T, §5, is 25 amended to read: 26 2-B. Heads of households; tax years from 2002 to 2012. For tax years beginning 27 on or after January 1, 2002 but not later than December 31, 2012, for unmarried 28 individuals or legally separated individuals who qualify as heads of households: 29 If Maine Taxable income is: The tax is: Less than \$6.300 30 2% of the Maine taxable income 31 At least \$6,300 but less than \$12,500 \$126 plus 4.5% of the excess over \$6,300 32 At least \$12,500 but less than \$25,050 \$405 plus 7% of the excess over \$12,500 \$1,284 plus 8.5% of the excess over 33 \$25.050 or more 34 \$25,050 35 Sec. 8. 36 MRSA §5111, sub-§2-C is enacted to read: 36 2-C. Heads of households; tax years beginning 2013. For tax years beginning on or after January 1, 2013, for unmarried individuals or legally separated individuals who 37
- 38 <u>qualify as heads of households:</u>

Page 2 - 125LR0149(05)-1

SENATE AMENDMENT " " to COMMITTEE AMENDMENT "A" to S.P. 252, L.D. 849

1	If Maine Taxable income is:	The tax is:
2	At least \$7,500 but less than \$29,900	6.5% of the excess over \$7,500
3	<u>\$29,900 or more</u>	\$1,456 plus 7.95% of the excess over
4		\$29,900

5 Sec. 9. 36 MRSA §5111, sub-§3-B, as enacted by PL 1999, c. 731, Pt. T, §7, is
6 amended to read:
7 3-B. Individuals filing married joint return or surviving spouses; tax years from

8 2002 to 2012. For tax years beginning on or after January 1, 2002 but not later than December 31, 2012, for individuals filing married joint returns or surviving spouses 9 permitted to file a joint return: 10 11 If Maine Taxable income is: The tax is: Less than \$8,400 2% of the Maine taxable income 12 13 At least \$8,400 but less than \$16,700 \$168 plus 4.5% of the excess over \$8,400 14 At least \$16,700 but less than \$33,400 \$542 plus 7% of the excess over \$16,700 \$1,711 plus 8.5% of the excess over \$33,400 or more 15 \$33,400 16

17 Sec. 10. 36 MRSA §5111, sub-§3-C is enacted to read:

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18 <u>3-C. Individuals filing married joint return or surviving spouses; tax years</u>
 19 <u>beginning 2013.</u> For tax years beginning on or after January 1, 2013, for individuals
 20 filing married joint returns or surviving spouses permitted to file a joint return:

21		If Maine Taxable income is:	<u>The tax is:</u>
22		At least \$10,000 but less than \$39,900	6.5% of the excess over \$10,000
23		<u>\$39,900 or more</u>	<u>\$1,944 plus 7.95% of the excess over</u>
24			<u>\$39,900</u>
25	'		

Amend the amendment by striking out all of section 12 (page 5, lines 20 to 38 in amendment) and inserting the following:

28 'Sec. 12. Application. Unless otherwise indicated, this Act applies to income tax
 29 years beginning on or after January 1, 2012.

30 Sec. 13. Effective date. That section of this Act that amends the Maine Revised
 31 Statutes, Title 36, section 5402, subsection 1-B takes effect January 1, 2012.'

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

SUMMARY

This amendment strikes the provisions of Committee Amendment "A" that require that revenue that exceeds the General Fund appropriation limitation and unappropriated surplus of the General Fund be used to gradually increase by 20% the income tax bracket thresholds at which higher income tax rates apply. This amendment retains the requirement that revenue be used to reduce the highest income tax rates to 4.5% over time to eventually establish one income tax rate.

Page 3 - 125LR0149(05)-1

	SENATE AMENDMENT " " to COMMITTEE AMENDMENT "A" to S.P. 252, L.D. 849		
1	This amendment removes the provisions of Committee Amendment "A" that		
2	establish income tax rates at 0%, 6.5% and 8.5% for tax years beginning in 2012 but		
3	retains the changes made for tax years beginning in 2013 or later.		
4	FISCAL NOTE REQUIRED		
5			
6	(See attached)		
7			
8	SPONSORED BY:		
9	(Senator TRAHAN)		
10	COUNTY: Lincoln		

Page 4 - 125LR0149(05)-1