

LD 849, An Act To Provide Tax Relief for Maine Citizens by Reducing Income Taxes

LD 849	Committee Amendment (S-427)	Adopted Amendments
<p>Sec. 1. 5 MRSA §1518-A, sub-§1, , is amended to read:</p> <p>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 section 1536</u> and other resources made available to the fund. <u>The fund must be used in the order of the following.</u></p> <p><u>A. As the first priority, amounts in the fund must be used to increase the individual income tax bracket threshold amounts under Title 36, section 5111 until the bracket thresholds are 20% higher than those in effect for tax years beginning in 2011.</u></p> <p><u>B. As the 2nd priority, after the increase in bracket thresholds required under paragraph A has been achieved, amounts in the fund must be used to reduce the highest individual income tax rate until it reaches 6.5%.</u></p>	<p>Sec. 1. 5 MRSA §1518-A, is amended to read:</p> <p>§ 1518-A. Tax Relief Fund for Maine Residents</p> <p>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>subsection 4 and section 1536</u> and other resources made available to the fund. <u>The fund must be used to reduce the individual income tax rates to 4% pursuant to subsection 1-A.</u></p>	
<p>Sec. 2. 5 MRSA §1518-A, sub-§1-A is enacted to read:</p> <p><u>1-A. Implementation.</u> <u>By September</u></p>	<p><u>1-A. Implementation.</u> <u>By September 1, 2014 and annually</u></p>	<p>Senate Amendment (S-443)</p> <p><u>1-A. Implementation.</u> <u>By September 1, 2014 and annually</u></p>

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<p><u>15, 2011 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.</u></p> <p><u>A. By November 1st annually the State Tax Assessor shall use the amount in the fund identified by the State Controller to calculate new individual income tax bracket thresholds under subsection 1, paragraph A, by proportional increases in each bracket until the thresholds are 20% higher than the bracket thresholds in effect for tax years beginning on or after January 1, 2011.</u></p> <p><u>B. After bracket thresholds have reached the amounts required under subsection 1, paragraph A, by November 1st annually, the State Tax Assessor shall calculate the amount by which the highest income tax rate under Title 36, section 5111 may be reduced. Bracket rate reductions must be 0.2% in the first year in which reductions are made and 0.1% 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 8.5% bracket under Title 36, section 5111 has been reduced to 7%, the 2 highest brackets for all categories under Title 36, section 5111 must be</u></p>	<p><u>thereafter, the State Controller shall inform the State Tax Assessor of the amount available in the fund for the purposes of subsection 1.</u></p> <p><u>A. By November 1st annually, the State Tax Assessor shall calculate the amount by which the income tax rates under Title 36, section 5111, subsections 1-C, 2-C and 3-C may be reduced during the subsequent tax year using the amount available from the fund. 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 under Title 36, section 5111, subsections 1-C, 2-C and 3-C until the lower bracket reaches 4%. Funds available from</u></p>	<p><u>thereafter, if the State Controller determines that the benefits required under the Circuitbreaker Program under Title 36, chapter 907 have been fully funded, the State Controller shall inform the State Tax Assessor of the amount available in the fund for the purposes of subsection 1.</u></p>

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<p><u>combined into one bracket. Future annual rate reductions must be calculated until the tax rate for the highest bracket is 6.5%.</u></p> <p><u>C. The assessor shall provide public notice of new bracket thresholds and rates calculated under this subsection by November 15th annually.</u></p> <p><u>D. New bracket thresholds and rates take effect beginning with tax years that begin on or after January 1st of the calendar year following the determinations made under this subsection.</u></p>	<p><u>the fund in subsequent years must be applied to reduce the higher bracket rates until there is a single bracket with a rate of 4%, after which future tax relief may be identified.</u></p> <p><u>B. The State Tax Assessor shall provide public notice of new bracket rates calculated under this subsection by November 15th annually.</u></p> <p><u>C. New bracket rates calculated under this subsection apply beginning with tax years that begin on or after January 1st of the calendar year following the determinations made under this subsection.</u></p> <p>2. Nonlapsing fund. Any unexpended balance in the Tax Relief Fund for Maine Residents may not lapse but must be carried forward to be used pursuant to subsection 1<u>1-A</u>.</p>	
<p>Sec. 3. 5 MRSA §1518-B is enacted to read:</p> <p><u>§ 1518-B. Tax reduction from General Fund revenue growth</u></p> <p><u>Beginning with fiscal year 2011-12, and</u></p>	<p><u>3. Transfer for income tax reduction.</u> <u>In the fiscal years immediately following the calculation of the income tax rate reduction under subsection 1-A, paragraph A, the State Tax Assessor</u></p>	

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<p><u>before any other transfers from the General Fund, the State Controller shall transfer at the close of each fiscal year to the Tax Relief Fund for Maine Residents, established under section 1518-A, 30% of the amount by which General Fund revenue for the fiscal year being closed exceeds the General Fund appropriation limitation calculated for that year under section 1534.</u></p>	<p><u>shall certify to the State Controller the amount of the reduction in General Fund revenue by fiscal year, and the State Controller shall transfer from the fund the amount certified for the reduction in revenue attributable to adjustments made under subsection 1-A to the General Fund unappropriated surplus.</u></p> <p>4. <u>Transfer from General Fund revenue growth.</u> <u>Beginning with fiscal year 2013-14 and before any other transfers from the General Fund, the State Controller shall transfer to the fund at the close of each fiscal year 40% of the amount by which General Fund revenue for that fiscal year exceeds the General Fund appropriation limitation calculated for that fiscal year under section 1534.</u></p>	
<p>Sec. 4. 5 MRSA §1536, sub-§1, is further amended to read:</p> <p>1. Third priority reserve. The State Controller shall, as the 3rd priority after the transfers to the State Contingent Account pursuant to section 1507 and the transfers</p>	<p>Sec. 2. 5 MRSA §1536, sub-§1, is further amended to read:</p> <p>1. Fourth priority reserve. The State Controller shall, as the 4th priority after the</p>	

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<p>to the Loan Insurance Reserve pursuant to section 1511 at the close of each fiscal year, transfer <u>20% of the amount</u> from the unappropriated surplus of the General Fund an amount equal to the amount available from the unappropriated surplus <u>to the Tax Relief Fund for Maine Residents established in section 1518-A. The remaining amount of unappropriated surplus of the General Fund,</u> after all required deductions of appropriations, budgeted financial commitments and adjustments considered necessary by the State Controller have been made, <u>must be distributed</u> as follows:</p> <p>A. Thirty-five percent to the stabilization fund;</p> <p>B. Twenty percent to the Retirement Allowance Fund established in section 17251;</p> <p>C. Twenty percent to the Reserve for General Fund Operating Capital;</p> <p>D. Fifteen percent to the Retiree Health Insurance Internal Service Fund established in section 1519 to be used solely for the purpose of amortizing the unfunded actuarial liability associated with future health benefits; and</p> <p>E. Ten percent to the Capital Construction and Improvements Reserve</p>	<p>transfers to the State Contingent Account pursuant to section 1507, the transfers to the Loan Insurance Reserve pursuant to section 1511 and the transfers pursuant to section 1522 at the close of each fiscal year, transfer from the unappropriated surplus of the General Fund an amount equal to the amount available from the unappropriated surplus after all required deductions of appropriations, budgeted financial commitments and adjustments considered necessary by the State Controller have been made as follows:</p> <p>A. Thirty-five <u>Twenty-one</u> percent to the stabilization fund;</p> <p>B. Twenty <u>Twelve</u> percent to the Retirement Allowance Fund established in section 17251;</p> <p>C. Twenty <u>Twelve</u> percent to the Reserve for General Fund Operating Capital;</p> <p>D. Fifteen <u>Nine</u> percent to the Retiree Health Insurance Internal Service Fund established in section 1519 to be used solely for the</p>	<p>Senate Amendment (S-506)</p> <p>'A. Thirty-five <u>Twenty-eight</u> percent to the stabilization fund;</p> <p>B. Twenty <u>Sixteen</u> percent to the Retirement Allowance Fund established in section 17251;</p> <p>C. Twenty <u>Sixteen</u> percent to the Reserve for General Fund Operating Capital;</p> <p>D. Fifteen <u>Twelve</u> percent to the Retiree Health Insurance Internal Service Fund established in section 1519 to be used solely</p>

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Fund established in section 1516-A.	<p>purpose of amortizing the unfunded actuarial liability associated with future health benefits; and</p> <p>E. Ten<u>Six</u> percent to the Capital Construction and Improvements Reserve Fund established in section 1516-A; and</p> <p>F. <u>Forty</u> percent to the <u>Tax Relief Fund for Maine Residents established in section 1518-</u></p>	<p>for the purpose of amortizing the unfunded actuarial liability associated with future health benefits; and</p> <p>E. Ten<u>Eight</u> percent to the Capital Construction and Improvements Reserve Fund established in section 1516-A; and</p> <p>F. <u>Twenty percent</u> to the <u>Tax Relief Fund for Maine Residents established in section 1518-A.'</u></p>