

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

Amend the bill in section 2 by striking out all of subsection 8-B (page 1, lines 5 to 23 in L.D.) and inserting the following:

**‘8-B. Minimum taxability threshold.** Minimum taxability thresholds for nonresidents are governed by this subsection.

A. Compensation for personal services performed in the State as an employee is Maine-source income, subject to taxation under this Part, if the nonresident taxpayer was present in the State performing personal services for more than 12 days during the taxable year and directly earns or derives more than \$3,000 in gross income during the year in the State from all sources.

B. A nonresident individual who is present for business in the State on other than a systematic or regular basis, either directly or through agents or employees, has Maine-source income derived from or effectively connected with a trade or business in the State and subject to taxation under this Part only if the nonresident individual was present in the State for business more than 12 days during the taxable year and earns or derives more than \$3,000 of gross income during the taxable year from contractual or sales-related activities.

C. Performance of the following personal services for 24 days during a calendar year may not be counted towards the 12-day threshold under paragraph A:

(1) Personal services performed in connection with presenting or receiving employment-related training or education;

(2) Personal services performed in connection with a site inspection, review, analysis of management or any other supervision of a Maine-based affiliate or subsidiary by a representative from a parent company not headquartered in this State;

(3) Personal services performed in connection with research and development at a Maine-based facility or connected with installation of new or upgraded equipment or systems; or

(4) Personal services performed as part of a project team working on attraction or implementation of new investment in a Maine-based facility.

Amend the bill in section 3 by striking out all of subsection 2 (page 1, lines 26 to 31 in L.D.) and inserting the following:

**‘2. Nonresident individuals.** Every nonresident individual who, pursuant to this Part, has a Maine individual income tax liability for the taxable year. An individual whose only Maine-source

income is compensation for personal services performed in Maine that is excluded from Maine adjusted gross income by the threshold contained in section 5142, subsection 8-A8-B is not subject to taxation under this Part and need not file a return;

Amend the bill by inserting after section 4 the following:

**Sec. 5. Appropriations and allocations.** The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

**Revenue Services - Bureau of 0002**

Initiative: Provides funds for the administrative costs associated with increasing the minimum taxability threshold, including funds for one Revenue Agent position and one Tax Examiner position effective January 1, 2008.

| <b>GENERAL FUND</b>           | <b>2007-08</b> | <b>2008-09</b> |
|-------------------------------|----------------|----------------|
| POSITIONS - LEGISLATIVE COUNT | 2.000          | 2.000          |
| Personal Services             | \$57,802       | \$121,803      |
| All Other                     | \$23,642       | \$19,515       |
|                               | <hr/>          | <hr/>          |
| GENERAL FUND TOTAL            | \$81,444       | \$141,318      |

**SUMMARY**

This amendment provides new minimum taxability thresholds for nonresidents. The new thresholds permit greater income-earning activity by nonresidents in the State before Maine income tax liability is triggered. The amendment also excludes from the determination of taxability in the State up to 24 days of personal services related to certain training, management functions, equipment upgrade and new investment. The amendment also adds an appropriations and allocations section.

**FISCAL NOTE REQUIRED**

(See attached)