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Date: (Filing No. S-)

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STATE OF MAINE
SENATE
125TH LEGISLATURE
SECOND REGULAR SESSION

SENATE AMENDMENT “ ” to COMMITTEE AMENDMENT “C” to S.P. 252, L.D. 849, Bill, “An Act To Provide Tax Relief for Maine’s Citizens by Reducing Income Taxes”

Amend the amendment in section 1 in §1518-A by striking out all of subsections 1 and 1-A (page 1, lines 16 to 35 and page 2 lines 1 to 7 in amendment) and inserting the following:

1. Tax Relief Fund for Maine Residents. There is created the Tax Relief Fund for Maine Residents, referred to in this section as "the fund," which must be used to provide tax relief to residents of the State. The fund consists of all resources transferred to the fund under subsection 4 and section 1536 and other resources made available to the fund.

A. The fund must be used first to provide property tax relief by ensuring sufficient funding to meet the following standards in order of priority:

(1) To maintain benefits under the Circuitbreaker Program under Title 36, chapter 907 at the full amount calculated under Title 36, section 6207, subsection 1, paragraph A-1 without any reduction;

(2) To maintain sufficient funding under the state-municipal revenue sharing program to provide the full transfer to the Local Government Fund required under Title 30-A, section 5681, subsection 5 for distribution to municipalities without any reduction; and

(3) To ensure that the state share percentage of the total cost of funding public education from kindergarten to grade 12 including the cost of the components of essential programs and services under Title 20-A, chapter 606-B plus the state contributions to teacher retirement, retired teachers' health insurance and retired teachers' life insurance is 55%.

B. If the State Controller certifies that funding levels are adequate to meet the standards under paragraph A, the amount available in the fund must be used to reduce the individual income tax rates to 4% as provided in subsection 1-A.

The State Controller shall at the close of each fiscal year report to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs the amount in the fund, the amounts necessary to meet the standards of paragraph A and

SENATE AMENDMENT

1 the amount available for paragraph B. The committee may submit legislation to the next
2 regular or special session of the Legislature allocating amounts from the fund to meet the
3 standards specified in paragraph A.

4 **1-A. Implementation.** By September 1, 2014 and annually thereafter, the State
5 Controller shall certify whether the provisions of subsection 1, paragraph A have been
6 met and inform the State Tax Assessor of the amount available in the fund for the
7 purposes of subsection 1, paragraph B after reductions of amounts necessary to meet the
8 standards of subsection 1, paragraph A.

9 A. By November 1st annually, the State Tax Assessor shall calculate the amount by
10 which the income tax rates under Title 36, section 5111, subsections 1-C, 2-C and
11 3-C may be reduced during the subsequent tax year using the amount available from
12 the fund after reductions for the purposes of subsection 1, paragraph A. Bracket rate
13 reductions must be a minimum of 0.2 percentage points in the first year in which
14 reductions are made and a minimum of 0.1 percentage points in subsequent years. If
15 sufficient funds are not available to pay for the minimum reduction, a rate reduction
16 may not be made until the amount available in the fund is sufficient to pay for the
17 reduction. When the amount available is sufficient to pay for the reduction, the
18 reduction must first be applied equally to each bracket under Title 36, section 5111,
19 subsections 1-C, 2-C and 3-C until the lower bracket reaches 4%. Funds available
20 from the fund in subsequent years must be applied to reduce the higher bracket rates
21 until there is a single bracket with a rate of 4%, after which future tax relief may be
22 identified.

23 B. The State Tax Assessor shall provide public notice of new bracket rates calculated
24 under this subsection by November 15th annually.

25 C. New bracket rates calculated under this subsection apply beginning with tax years
26 that begin on or after January 1st of the calendar year following the determinations
27 made under this subsection.'

28 SUMMARY

29 This amendment provides that the first priority for expenditure of funds from the Tax
30 Relief Fund for Maine Residents is property tax relief through maintenance of full
31 funding for the Circuitbreaker Program, state-municipal revenue sharing and the 55%
32 state share target for funding of kindergarten to grade 12 public education. The 2nd
33 priority is income tax reduction.

34 **SPONSORED BY:** _____

35 (Senator JOHNSON)

36 COUNTY: Lincoln