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Date: (Filing No. H- )

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**STATE OF MAINE**  
**HOUSE OF REPRESENTATIVES**  
**125TH LEGISLATURE**  
**FIRST REGULAR SESSION**

HOUSE AMENDMENT “ ” to COMMITTEE AMENDMENT “A” to H.P. 778, L.D. 1043, Bill, “An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2012 and June 30, 2013”

Amend the amendment in Part I in section 1 in subsection 5-C in the 2nd and 3rd lines (page 517, lines 36 and 37 in amendment) by striking out the following: “, \$40,350,638 in fiscal year 2011-12 and \$44,267,343 in fiscal year 2012-13” and inserting the following: ‘and \$34,740,742 in fiscal year 2011-12’

Amend the amendment by striking out all of Part M and inserting the following:

**'PART M**

**Sec. M-1. 36 MRSA §4062, sub-§1-A, ¶A**, as amended by PL 2009, c. 213, Pt. E, §1 and affected by §6, is further amended to read:

A. For the estates of decedents dying after December 31, 2002, "federal credit" means the maximum credit against the tax on the federal taxable estate for state death taxes determined under the Code, Section 2011 as of December 31, 2002 exclusive of the reduction of the maximum credit contained in the Code, Section 2011(b)(2); the period of limitations under the Code, Section 2011(c); and the termination provision contained in the Code, Section 2011(f). The state death tax deduction contained in the Code, Section 2058 must be disregarded. The unified credit must be determined under the Code, Section 2010 as of December 31, 2000. The termination provision contained in the Code, Section 2210 must be disregarded. Notwithstanding any other provision of this Title to the contrary, the tax determined by this chapter for estates of decedents dying after December 31, 2009 must be determined in accordance with the law applicable to decedents dying during calendar year 2009, except that for purposes of calculation of the amount of property that may be treated as Maine qualified terminable interest property under subsection 2-B, paragraph C, the applicable exclusion amount must be determined in accordance with the law applicable as of the decedent's actual date of death; and

1 **Sec. M-2. 36 MRSA §4062, sub-§2-B, ¶C**, as amended by PL 2005, c. 622,  
2 §16, is repealed and the following enacted in its place:

3 C. With respect to which an election is made, on a return timely filed with the  
4 assessor, to treat the property as Maine qualified terminable interest property for  
5 purposes of the tax imposed by this chapter. The amount of property with respect to  
6 which the election is made may not be less than zero or greater than the amount by  
7 which the federal applicable exclusion amount under the Code, Section 2010 exceeds  
8 the Maine exclusion amount. For the purposes of this paragraph, "federal applicable  
9 exclusion amount" does not include any deceased spousal unused exclusion amount  
10 under the Code, Section 2810.

11 **Sec. M-3. Application.** This Part applies to the estates of decedents who die after  
12 December 31, 2011.'

13 Amend the amendment by striking out all of Part N and inserting the following:

14 **'PART N**

15 **Sec. N-1. 36 MRSA §5111, sub-§1-B**, as enacted by PL 1999, c. 731, Pt. T, §3,  
16 is amended to read:

17 **1-B. Single individuals and married persons filing separate returns; tax years**  
18 **beginning 2002.** For tax years beginning on or after January 1, 2002 but no later than  
19 December 1, 2012, for single individuals and married persons filing separate returns:

20 If Maine Taxable income is:	The tax is:
21 Less than \$4,200	2% of the Maine taxable income
22 At least \$4,200 but less than \$8,350	\$84 plus 4.5% of the excess over \$4,200
23 At least \$8,350 but less than \$16,700	\$271 plus 7% of the excess over \$8,350
24 \$16,700 or more	\$856 plus 8.5% of the excess over \$16,700

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26 **Sec. N-2. 36 MRSA §5111, sub-§1-C** is enacted to read:

27 **1-C. Single individuals and married persons filing separate returns; tax years**  
28 **beginning 2013.** For tax years beginning on or after January 1, 2013, for single  
29 individuals and married persons filing separate returns, the taxable income bracket  
30 amounts under subsection 1-B for tax years beginning in 2012 must be increased by 5%.  
31 By December 1, 2011, the State Tax Assessor shall calculate the taxable income bracket  
32 amounts for tax years beginning in 2013 by multiplying the bracket amounts for tax years  
33 beginning in 2012 after adjustment under section 5403 by 105% and rounding to the next  
34 lowest multiple of \$50.

35 **Sec. N-3. 36 MRSA §5111, sub-§2-B**, as enacted by PL 1999, c. 731, Pt. T, §5,  
36 is amended to read:

37 **2-B. Heads of households; tax years beginning 2002 to 2012.** For tax years  
38 beginning on or after January 1, 2002 but not later than December 31, 2012, for  
39 unmarried individuals or legally separated individuals who qualify as heads of  
40 households:

1	If Maine Taxable income is:	The tax is:
2	Less than \$6,300	2% of the Maine taxable income
3	At least \$6,300 but less than \$12,500	\$126 plus 4.5% of the excess over \$6,300
4	At least \$12,500 but less than \$25,050	\$405 plus 7% of the excess over \$12,500
5	\$25,050 or more	\$1,284 plus 8.5% of the excess over
6		\$25,050

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**Sec. N-4. 36 MRSA §5111, sub-§2-C** is enacted to read:

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**2-C. Heads of households; tax years beginning 2013.** For tax years beginning on or after January 1, 2013, for heads of households, the taxable income bracket amounts under subsection 2-B for tax years beginning in 2012 must be increased by 5%. By December 1, 2011, the State Tax Assessor shall calculate the taxable income bracket amounts for tax years beginning in 2013 by multiplying the bracket amounts for tax years beginning in 2012 after adjustment under section 5403 by 105% and rounding to the next lowest multiple of \$50.

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**Sec. N-5. 36 MRSA §5111, sub-§3-B**, as enacted by PL 1999, c. 731, Pt. T, §7, is amended to read:

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**3-B. Individuals filing married joint return or surviving spouses; tax years beginning 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 permitted to file a joint return:

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If Maine Taxable income is:	The tax is:
Less than \$8,400	2% of the Maine taxable income
At least \$8,400 but less than \$16,700	\$168 plus 4.5% of the excess over \$8,400
At least \$16,700 but less than \$33,400	\$542 plus 7% of the excess over \$16,700
\$33,400 or more	\$1,711 plus 8.5% of the excess over \$33,400

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**Sec. N-6. 36 MRSA §5111, sub-§3-C** is enacted to read:

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**3-C. Individuals filing married joint return or surviving spouses; tax years beginning 2013.** For tax years beginning on or after January 1, 2013, for married joint returns or surviving spouses, the taxable income bracket amounts under subsection 3-B for tax years beginning in 2012 must be increased by 5%. By December 1, 2011, the State Tax Assessor shall calculate the taxable income bracket amounts for tax years beginning in 2013 by multiplying the bracket amounts for tax years beginning in 2012 after adjustment under section 5403 by 105% and rounding to the next lowest multiple of \$50.

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**Sec. N-7. 36 MRSA §5219-S**, as amended by PL 2009, c. 213, Pt. BBBB, §16, is further amended to read:

1 **§5219-S. Earned income credit**

2 **1. Resident taxpayer.** A resident individual is allowed a refundable credit against  
3 the tax otherwise due under this Part in the amount of ~~5%~~ 10% of the federal earned  
4 income credit for the same taxable year, ~~except that for tax years beginning in 2009 and~~  
5 ~~2010, the applicable percentage is 4%.~~

6 **2. Nonresident taxpayer.** A nonresident individual is allowed a refundable credit  
7 against the tax otherwise due under this Part in the amount of ~~5%~~ 10% of the federal  
8 earned income credit for the same taxable year, ~~except that for tax years beginning in~~  
9 ~~2009 and 2010, the applicable percentage is 4%~~, multiplied by the ratio of the individual's  
10 Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph B, to  
11 the individual's entire federal adjusted gross income, as modified by section 5122.

12 **3. Part-year resident taxpayer.** An individual who files a return as a part-year  
13 resident in accordance with section 5224-A is allowed a refundable credit against the tax  
14 otherwise due under this Part in the amount of ~~5%~~ 10% of the federal earned income  
15 credit for the same taxable year, ~~except that for tax years beginning in 2009 and 2010, the~~  
16 ~~applicable percentage is 4%~~, multiplied by a ratio, the numerator of which is the  
17 individual's Maine adjusted gross income as defined in section 5102, subsection 1-C,  
18 paragraph A for that portion of the taxable year during which the individual was a  
19 resident plus the individual's Maine adjusted gross income as defined in section 5102,  
20 subsection 1-C, paragraph B for that portion of the taxable year during which the  
21 individual was a nonresident and the denominator of which is the individual's entire  
22 federal adjusted gross income, as modified by section 5122.

23 ~~**4. Limitation.** The credit allowed by this section may not reduce the Maine income~~  
24 ~~tax to less than zero.~~

25 **Sec. N-8. Legislation.** By December 1, 2011, the State Tax Assessor shall submit  
26 legislation that places into law the bracket amounts for tax years beginning on or after  
27 January 1, 2013 calculated under the Maine Revised Statutes, Title 36, section 5111,  
28 subsections 1-C, 2-C and 3-C and provides for continued adjustment of bracket amounts  
29 under the Maine Revised Statutes, Title 36, section 5403.'

30 Amend the amendment by striking out all of Part P.

31 Amend the amendment by striking out all of Part CCCC.

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

34 **SUMMARY**

35 This amendment does the following:

36 1. The amendment replaces income tax reductions in Committee Amendment "A"  
37 with provisions that reduce income taxes by increasing taxable income bracket amounts  
38 by 5%, increasing the earned income tax credit for low-income earners from 5% to 10%  
39 of the federal credit and making the credit refundable.

40 2. The amendment restores to state-municipal revenue sharing \$4,319,777 in fiscal  
41 year 2011-12 and \$44,267,343 in fiscal year 2012-13.

- 1           3. The amendment restores reductions made in the Circuitbreaker Program.
- 2           4. The amendment deletes changes made to the determination of nonresident income
- 3 tax filing status.
- 4           5. The amendment deletes changes made to the estate tax and makes changes to
- 5 ensure proper treatment of qualified terminable interest property under the estate tax.

6                                   **FISCAL NOTE REQUIRED**

7   **(See attached)**

8   SPONSORED BY: \_\_\_\_\_

9                   (Representative BERRY)

10                                   TOWN: Bowdoinham