

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

An Act To Equalize Tax Filing Status

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 36 MRSA §5102, sub-§1-E is enacted to read:

1-E. Domestic partner. "Domestic partner" means a person registered with the Department of Health and Human Services, Office of Health Data and Program Management under Title 22, section 2710.

Sec. 2. 36 MRSA §5111, sub-§1-B, as enacted by PL 1999, c. 731, Pt. T, §3, is amended to read:

1-B. Single individuals and married persons filing separate returns; tax years beginning 2002 but before 2007. For tax years beginning on or after January 1, 2002 but before January 1, 2007, for single individuals and married persons filing separate returns:

If Maine Taxable income is:	The tax is:
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
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

Sec. 3. 36 MRSA §5111, sub-§1-C is enacted to read:

1-C. Single individuals and married persons and domestic partners filing separate returns; tax years beginning 2007. For tax years beginning on or after January 1, 2007, for single individuals and married persons and domestic partners filing separate returns:

If Maine Taxable income is:	The tax is:
<u>Less than \$4,750</u>	<u>2% of the Maine taxable income</u>
<u>At least \$4,750 but less than \$9,450</u>	<u>\$95 plus 4.5% of the excess over \$4,750</u>
<u>At least \$9,450 but less than \$18,950</u>	<u>\$307 plus 7% of the excess over \$9,450</u>
<u>\$18,950 or more</u>	<u>\$972 plus 8.5% of the excess over \$18,950</u>

Sec. 4. 36 MRSA §5111, sub-§2-B, as enacted by PL 1999, c. 731, Pt. T, §5, is amended to read:

2-B. Heads of households; tax years beginning 2002 but before 2007. For tax years beginning on or after January 1, 2002 but before January 1, 2007, for unmarried individuals or legally separated individuals who qualify as heads of households:

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

Sec. 5. 36 MRSA §5111, sub-§2-C is enacted to read:

2-C. Heads of households; tax years beginning 2007. For tax years beginning on or after January 1, 2007, for unmarried individuals or legally separated individuals who qualify as heads of household:

<u>If Maine Taxable income is:</u>	<u>The tax is:</u>
<u>Less than \$7,150</u>	<u>2% of the Maine taxable income</u>
<u>At least \$7,150 but less than \$14,200</u>	<u>\$143 plus 4.5% of the excess over \$7,150</u>
<u>At least \$14,200 but less than \$28,450</u>	<u>\$460 plus 7% of the excess over \$14,200</u>
<u>\$28,450 or more</u>	<u>\$1,458 plus 8.5% of the excess over \$28,450</u>

Sec. 6. 36 MRSA §5111, sub-§3-B, as enacted by PL 1999, c. 731, Pt. T, §7, is amended to read:

3-B. Individuals filing married joint return or surviving spouses; tax years beginning 2002 but before 2007. For tax years beginning on or after January 1, 2002 but before January 1, 2007, for individuals filing married joint returns or surviving spouses permitted to file a joint return:

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

Sec. 7. 36 MRSA §5111, sub-§3-C is enacted to read:

3-C. Individuals filing married or domestic partner joint returns or surviving spouses; tax years beginning 2007. For tax years beginning on or after January 1, 2007, for individuals filing married or domestic partner joint returns or surviving spouses permitted to file a joint return:

<u>If Maine taxable income is:</u>	<u>The tax is:</u>
<u>Less than \$9,500</u>	<u>2% of the Maine taxable income</u>
<u>At least \$9,500 but less than \$18,950</u>	<u>\$190 plus 4.5% of the excess over \$9,500</u>
<u>At least \$18,950 but less than \$37,950</u>	<u>\$615 plus 7% of the excess over \$18,950</u>
<u>\$37,950 or more</u>	<u>\$1,945 plus 8.5% of the excess over \$37,950</u>

Sec. 8. 36 MRSA §5122, sub-§2, ¶V, as amended by PL 2005, c. 644, §6, is further amended to read:

V. The portion of contributions to a qualified tuition program established under Section 529 of the Code up to \$250 per designated beneficiary. This deduction may not be claimed on returns when federal adjusted gross income exceeds \$100,000 for returns with a filing status of single or married filing separately or domestic partner filing separately or \$200,000 for returns with a filing status of married joint or domestic partner joint or head of household; and

Sec. 9. 36 MRSA §5124-A, first ¶, as amended by PL 2005, c. 12, Pt. P, §5, is amended to read:

The standard deduction of a resident individual is equal to the standard deduction as determined in accordance with the Code, Section 63, except that for tax years beginning after 2002, the Code, Section 63(c)(2) must be applied as if the basic standard deduction is \$5,000 in the case of a joint return and a surviving spouse and \$2,500 in the case of a married individual or domestic partner filing a separate return.

Sec. 10. 36 MRSA §5203-C, sub-§1, ¶H, as enacted by PL 2003, c. 673, Pt. JJ, §3 and affected by §6, is amended to read:

H. "Tentative minimum tax" means:

(1) Except as provided in subparagraph (2), in the case of a taxpayer other than a taxable corporation, the sum of:

(a) An amount equal to 7% of so much of the alternative minimum taxable income as does not exceed \$175,000; plus

(b) An amount equal to 7.6% percent of so much of the alternative minimum taxable income as exceeds \$175,000.

For a nonresident individual, the tentative minimum tax must be adjusted in accordance with section 5111, subsection 4.

(2) In the case of a married individual or domestic partner filing a separate return, the sum of:

(a) An amount equal to 7% of so much of the alternative minimum taxable income as does not exceed \$87,500; plus

(b) An amount equal to 7.6% percent of so much of the alternative minimum taxable income as exceeds \$87,500.

For a nonresident individual, the tentative minimum tax must be adjusted in accordance with section 5111, subsection 4.

(3) In the case of a taxable corporation, the tentative minimum tax for the taxable year is 5.4% of the alternative minimum taxable income.

Sec. 11. 36 MRSA §5403, as repealed and replaced by PL 1999, c. 731, Pt. T, §10 and affected by §11, is further amended to read:

§ 5403. Annual adjustments for inflation

Beginning in ~~2002~~2007, and each subsequent calendar year thereafter, on or about September 15th, the State Tax Assessor shall multiply the cost-of-living adjustment for taxable years beginning in the succeeding calendar year by the dollar amounts of the tax rate tables specified in section 5111, subsections ~~1-B, 2-B and 3-B~~1-C, 2-C and 3-C. If the dollar amounts of each rate bracket, adjusted by application of the cost-of-living adjustment, are not multiples of \$50, any increase must be rounded to the next lowest multiple of \$50. If the cost-of-living adjustment for any taxable year is 1.000 or less, no adjustment may be made for that taxable year in the dollar bracket amounts of the tax rate tables. The assessor shall incorporate such changes into the income tax forms, instructions and withholding tables for the taxable year.

Sec. 12. Application. This Act applies to tax years beginning on or after January 1, 2007.

SUMMARY

This bill requires domestic partners registered with the Department of Health and Human Services to file their income tax returns under the same requirements as for married persons.