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Date: (Filing No. S-)

TAXATION

Reproduced and distributed under the direction of the Secretary of the Senate.

**STATE OF MAINE
SENATE
128TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT “ ” to S.P. 612, L.D. 1655, Bill, “An Act To Update References to the United States Internal Revenue Code of 1986 Contained in the Maine Revised Statutes”

Amend the bill by striking out the title and substituting the following:

'An Act To Conform to the United States Internal Revenue Code of 1986 and Provide Tax Relief to Maine Families'

Amend the bill by striking out everything after the enacting clause and before the emergency clause and inserting the following:

'PART A

Sec. A-1. 36 MRSA §111, sub-§1-A, as amended by PL 2017, c. 24, §1, is further amended to read:

1-A. Code. "Code" means the United States Internal Revenue Code of 1986 and amendments to that Code as of ~~December 31, 2016~~ March 23, 2018.

Sec. A-2. Application. This Part applies to tax years beginning on or after January 1, 2017 and to any prior tax years as specifically provided by the United States Internal Revenue Code of 1986 and amendments to that Code as of March 23, 2018.

PART B

Sec. B-1. 36 MRSA §5111, sub-§1-F, as enacted by PL 2015, c. 267, Pt. DD, §3, is amended to read:

1-F. Single individuals and married persons filing separate returns; tax years beginning 2017. For tax years beginning ~~on or after January 1, in~~ 2017, for single individuals and married persons filing separate returns:

COMMITTEE AMENDMENT

1	If Maine taxable income is:	The tax is:
2	Less than \$21,050	5.8% of the Maine taxable income
3	At least \$21,050 but less than \$50,000	\$1,221 plus 6.75% of the excess over
4		\$21,050
5	\$50,000 or more	\$3,175 plus 7.15% of the excess over
6		\$50,000

7

8 **Sec. B-2. 36 MRSA §5111, sub-§1-G** is enacted to read:

9 **1-G. Single individuals and married persons filing separate returns; tax years**
10 **beginning 2018.** For tax years beginning on or after January 1, 2018, for single
11 **individuals and married persons filing separate returns:**

12	<u>If Maine taxable income is:</u>	<u>The tax is:</u>
13	<u>At least \$4,150 but less than \$25,600</u>	<u>5.8% of the excess over \$4,150</u>
14	<u>At least \$25,600 but less than \$54,900</u>	<u>\$1,244 plus 6.75% of the excess over</u>
15		<u>\$25,600</u>
16	<u>\$54,900 or more</u>	<u>\$3,222 plus 7.15% of the excess over</u>
17		<u>\$54,900</u>

18

19 **Sec. B-3. 36 MRSA §5111, sub-§2-F**, as enacted by PL 2015, c. 267, Pt. DD, §5,
20 is amended to read:

21 **2-F. Heads of households; tax years beginning 2017.** For tax years beginning on
22 ~~or after January 1, in~~ 2017, for unmarried individuals or legally separated individuals who
23 qualify as heads of households:

24	If Maine taxable income is:	The tax is:
25	Less than \$31,550	5.8% of the Maine taxable income
26	At least \$31,550 but less than \$75,000	\$1,830 plus 6.75% of the excess over
27		\$31,550
28	\$75,000 or more	\$4,763 plus 7.15% of the excess over
29		\$75,000

30

31 **Sec. B-4. 36 MRSA §5111, sub-§2-G** is enacted to read:

32 **2-G. Heads of households; tax years beginning 2018.** For tax years beginning on
33 or after January 1, 2018, for unmarried individuals or legally separated individuals who
34 qualify as heads of households:

35	<u>If Maine taxable income is:</u>	<u>The tax is:</u>
36	<u>At least \$4,150 but less than \$38,400</u>	<u>5.8% of the excess over \$4,150</u>
37	<u>At least \$38,400 but less than \$82,350</u>	<u>\$1,987 plus 6.75% of the excess over</u>
38		<u>\$38,400</u>

1	<u>\$82,350 or more</u>	<u>\$4,954 plus 7.15% of the excess over</u>
2		<u>\$82,350</u>

3

4 **Sec. B-5. 36 MRSA §5111, sub-§3-F**, as enacted by PL 2015, c. 267, Pt. DD, §7,
5 is amended to read:

6 **3-F. Individuals filing married joint returns or surviving spouses; tax years**
7 **beginning 2017.** For tax years beginning ~~on or after January 1, in~~ 2017, for individuals
8 filing married joint returns or surviving spouses permitted to file a joint return:

9	If Maine taxable income is:	The tax is:
10	Less than \$42,100	5.8% of the Maine taxable income
11	At least \$42,100 but less than \$100,000	\$2,442 plus 6.75% of the excess over
12		\$42,100
13	\$100,000 or more	\$6,350 plus 7.15% of the excess over
14		\$100,000

15

16 **Sec. B-6. 36 MRSA §5111, sub-§3-G** is enacted to read:

17 **3-G. Individuals filing married joint returns or surviving spouses; tax years**
18 **beginning 2018.** For tax years beginning on or after January 1, 2018, for individuals
19 filing married joint returns or surviving spouses permitted to file a joint return:

20	<u>If Maine taxable income is:</u>	<u>The tax is:</u>
21	<u>At least \$8,300 but less than \$51,200</u>	<u>5.8% of the excess over \$8,300</u>
22	<u>At least \$51,200 but less than \$109,800</u>	<u>\$2,488 plus 6.75% of the excess over</u>
23		<u>\$51,200</u>
24	<u>\$109,800 or more</u>	<u>\$6,444 plus 7.15% of the excess over</u>
25		<u>\$109,800</u>

26

27 **Sec. B-7. 36 MRSA §5124-B**, as amended by PL 2017, c. 170, Pt. D, §§5 and 6,
28 is further amended to read:

29 **§5124-B. Standard deduction; resident on or after January 1, 2016 but before**
30 **January 1, 2018**

31 For tax years beginning on or after January 1, 2016 but before January 1, 2018, the
32 standard deduction of a resident individual is equal to the sum of the basic standard
33 deduction and any additional standard deduction, subject to the phase-out under
34 subsection 3.

35 **1. Basic standard deduction.** The basic standard deduction is:

36 A. For single individuals and married persons filing separate returns, the basic
37 standard deduction is \$11,600;

1 B. For individuals filing as heads of household, the basic standard deduction is the
2 amount allowed under paragraph A multiplied by 1.5; and

3 C. For individuals filing married joint returns or surviving spouses, the basic
4 standard deduction is the amount allowed under paragraph A multiplied by 2.

5 **2. Additional standard deduction.** The additional standard deduction is the amount
6 allowed under the Code, Section 63(c)(3).

7 **3. Phase-out.** The total standard deduction of the taxpayer determined in accordance
8 with subsections 1 and 2 must be reduced by an amount equal to the total standard
9 deduction multiplied by the following fraction:

10 A. For single individuals and married persons filing separate returns, the numerator
11 is the taxpayer's Maine adjusted gross income less \$70,000, except that the numerator
12 may not be less than zero, and the denominator is \$75,000. In no case may the
13 fraction contained in this paragraph produce a result that is more than one. ~~The~~
14 ~~\$70,000 amount used to calculate the numerator in this paragraph must be adjusted~~
15 ~~for inflation in accordance with section 5403, subsection 4;~~

16 B. For individuals filing as heads of households, the numerator is the taxpayer's
17 Maine adjusted gross income less \$105,000, except that the numerator may not be
18 less than zero, and the denominator is \$112,500. In no case may the fraction
19 contained in this paragraph produce a result that is more than one. ~~The \$105,000~~
20 ~~amount used to calculate the numerator in this paragraph must be adjusted for~~
21 ~~inflation in accordance with section 5403, subsection 4; or~~

22 C. For individuals filing married joint returns or surviving spouses, the numerator is
23 the taxpayer's Maine adjusted gross income less \$140,000, except that the numerator
24 may not be less than zero, and the denominator is \$150,000. In no case may the
25 fraction contained in this paragraph produce a result that is more than one. ~~The~~
26 ~~\$140,000 amount used to calculate the numerator in this paragraph must be adjusted~~
27 ~~for inflation in accordance with section 5403, subsection 4.~~

28 **Sec. B-8. 36 MRSA §5124-C** is enacted to read:

29 **§5124-C. Standard deduction; resident on or after January 1, 2018**

30 **1. Amount.** For tax years beginning on or after January 1, 2018, the standard
31 deduction of a resident individual is equal to the standard deduction as determined in
32 accordance with the Code, Section 63, subject to the phase-out under subsection 2.

33 **2. Phase-out.** The standard deduction of the taxpayer must be reduced by an amount
34 equal to the total standard deduction multiplied by the following fraction:

35 A. For single individuals and married persons filing separate returns, the numerator
36 is the taxpayer's Maine adjusted gross income less \$80,000, except that the numerator
37 may not be less than zero, and the denominator is \$75,000. In no case may the
38 fraction calculated pursuant to this paragraph produce a result that is more than one.
39 The \$80,000 amount used to calculate the numerator in this paragraph must be
40 adjusted for inflation in accordance with section 5403, subsection 4;

1 B. For individuals filing as heads of households, the numerator is the taxpayer's
2 Maine adjusted gross income less \$120,000, except that the numerator may not be
3 less than zero, and the denominator is \$112,500. In no case may the fraction
4 calculated pursuant to this paragraph produce a result that is more than one. The
5 \$120,000 amount used to calculate the numerator in this paragraph must be adjusted
6 for inflation in accordance with section 5403, subsection 4; or

7 C. For individuals filing married joint returns or surviving spouses permitted to file a
8 joint return, the numerator is the taxpayer's Maine adjusted gross income less
9 \$160,000, except that the numerator may not be less than zero, and the denominator
10 is \$150,000. In no case may the fraction calculated pursuant to this paragraph
11 produce a result that is more than one. The \$160,000 amount used to calculate the
12 numerator in this paragraph must be adjusted for inflation in accordance with section
13 5403, subsection 4.

14 **Sec. B-9. 36 MRSA §5125, sub-§3, ¶A-1** is enacted to read:

15 A-1. Increased by the amount of property taxes not claimed under the Code, Section
16 164(a)(1) and (2) as a result of the limitation under the Code, Section 164(b)(6)(B);

17 **Sec. B-10. 36 MRSA §5125, sub-§6**, as enacted by PL 2017, c. 170, Pt. D, §7, is
18 amended to read:

19 **6. Phase-out.** For tax years beginning on or after January 1, 2016 but before January
20 1, 2018, the total itemized deductions of the taxpayer determined in accordance with
21 subsections 1 through 4 must be reduced by an amount equal to the total itemized
22 deductions multiplied by the following fraction:

23 A. For single individuals and married persons filing separate returns, the numerator
24 is the taxpayer's Maine adjusted gross income less \$70,000, except that the numerator
25 may not be less than zero, and the denominator is \$75,000. In no case may the
26 fraction contained in this paragraph produce a result that is more than one. ~~The~~
27 ~~\$70,000 amount used to calculate the numerator in this paragraph must be adjusted~~
28 ~~for inflation in accordance with section 5403, subsection 4;~~

29 B. For individuals filing as heads of households, the numerator is the taxpayer's
30 Maine adjusted gross income less \$105,000, except that the numerator may not be
31 less than zero, and the denominator is \$112,500. In no case may the fraction
32 contained in this paragraph produce a result that is more than one. ~~The \$105,000~~
33 ~~amount used to calculate the numerator in this paragraph must be adjusted for~~
34 ~~inflation in accordance with section 5403, subsection 4; or~~

35 C. For individuals filing married joint returns or surviving spouses, the numerator is
36 the taxpayer's Maine adjusted gross income less \$140,000, except that the numerator
37 may not be less than zero, and the denominator is \$150,000. In no case may the
38 fraction contained in this paragraph produce a result that is more than one. ~~The~~
39 ~~\$140,000 amount used to calculate the numerator in this paragraph must be adjusted~~
40 ~~for inflation in accordance with section 5403, subsection 4.~~

41 **Sec. B-11. 36 MRSA §5125, sub-§7** is enacted to read:

42 **7. Phase-out.** For tax years beginning on or after January 1, 2018, the total itemized
43 deductions of the taxpayer determined in accordance with subsections 1 through 4 must

1 be reduced by an amount equal to the total itemized deductions multiplied by the
2 following fraction:

3 A. For single individuals and married persons filing separate returns, the numerator
4 is the taxpayer's Maine adjusted gross income less \$80,000, except that the numerator
5 may not be less than zero, and the denominator is \$75,000. In no case may the
6 fraction calculated pursuant to this paragraph produce a result that is more than one.
7 The \$80,000 amount used to calculate the numerator in this paragraph must be
8 adjusted for inflation in accordance with section 5403, subsection 4;

9 B. For individuals filing as heads of households, the numerator is the taxpayer's
10 Maine adjusted gross income less \$120,000, except that the numerator may not be
11 less than zero, and the denominator is \$112,500. In no case may the fraction
12 calculated pursuant to this paragraph produce a result that is more than one. The
13 \$120,000 amount used to calculate the numerator in this paragraph must be adjusted
14 for inflation in accordance with section 5403, subsection 4; or

15 C. For individuals filing married joint returns or surviving spouses permitted to file a
16 joint return, the numerator is the taxpayer's Maine adjusted gross income less
17 \$160,000, except that the numerator may not be less than zero, and the denominator
18 is \$150,000. In no case may the fraction calculated pursuant to this paragraph
19 produce a result that is more than one. The \$160,000 amount used to calculate the
20 numerator in this paragraph must be adjusted for inflation in accordance with section
21 5403, subsection 4.

22 **Sec. B-12. 36 MRSA §5213-A, sub-§1, ¶A**, as amended by PL 2015, c. 328, §4,
23 is further amended to read:

24 A. "Base For tax years beginning before January 1, 2018, "base credit" means:

25 (1) For an individual income tax return claiming one personal exemption, \$100
26 for tax years beginning in 2016 and \$125 for tax years beginning on or after
27 January 1, 2017;

28 (2) For an individual income tax return claiming 2 personal exemptions, \$140 for
29 tax years beginning in 2016 and \$175 for tax years beginning on or after January
30 1, 2017;

31 (3) For an individual income tax return claiming 3 personal exemptions, \$160 for
32 tax years beginning in 2016 and \$200 for tax years beginning on or after January
33 1, 2017; and

34 (4) For an individual income tax return claiming 4 or more personal exemptions,
35 \$180 for tax years beginning in 2016 and \$225 for tax years beginning on or after
36 January 1, 2017.

37 For the purposes of this paragraph, personal exemption does not include a personal
38 exemption for an individual who is incarcerated.

39 **Sec. B-13. 36 MRSA §5213-A, sub-§1, ¶A-1** is enacted to read:

40 A-1. For tax years beginning on or after January 1, 2018, "base credit" means:

41 (1) For single individuals, \$125;

1 (2) For individuals filing joint returns or as heads of households, \$175 plus an
2 additional amount equal to:

3 (a) For individuals filing joint returns, \$25 if they can claim the federal child
4 tax credit pursuant to the Code, Section 24 for no more than one qualifying
5 child or dependent or \$50 if they can claim the credit for more than one
6 qualifying child or dependent; or

7 (b) For individuals filing as heads of households, \$25 if they can claim the
8 federal child tax credit pursuant to the Code, Section 24 for 2 qualifying
9 children or dependents or \$50 if they can claim the credit for more than 2
10 qualifying children or dependents;

11 **Sec. B-14. 36 MRSA §5213-A, sub-§1, ¶B**, as enacted by PL 2015, c. 267, Pt.
12 DD, §19, is amended to read:

13 B. "Income" means federal adjusted gross income increased by the following
14 amounts:

15 (1) Trade or business losses; capital losses; any net loss resulting from
16 combining the income or loss from rental real estate and royalties, the income or
17 loss from partnerships and S corporations, the income or loss from estates and
18 trusts, the income or loss from real estate mortgage investment conduits and the
19 net farm rental income or loss; any loss associated with the sale of business
20 property; and farm losses included in federal adjusted gross income;

21 (2) Interest received to the extent not included in federal adjusted gross income;

22 (3) Payments received under the federal Social Security Act and railroad
23 retirement benefits to the extent not included in federal adjusted gross income;
24 and

25 (4) The following amounts deducted in arriving at federal adjusted gross income:

26 (a) Educator expenses pursuant to the Code, Section 62(a)(2)(D);

27 (b) Certain business expenses of performing artists pursuant to the Code,
28 Section 62(a)(2)(B);

29 (c) Certain business expenses of government officials pursuant to the Code,
30 Section 62(a)(2)(C);

31 (d) Certain business expenses of reservists pursuant to the Code, Section
32 62(a)(2)(E);

33 (e) Health savings account deductions pursuant to the Code, Section
34 62(a)(16) and Section 62(a)(19);

35 (f) Moving expenses pursuant to the Code, Section 62(a)(15);

36 (g) The deductible part of self-employment tax pursuant to the Code, Section
37 164(f);

- 1 (h) The deduction for self-employed SEP, SIMPLE and qualified plans
2 pursuant to the Code, Section 62(a)(6);
- 3 (i) The self-employed health insurance deduction pursuant to the Code,
4 Section 162(1);
- 5 (j) The penalty for early withdrawal of savings pursuant to the Code, Section
6 62(a)(9);
- 7 (k) Alimony paid pursuant to the Code, Section 62(a)(10);
- 8 (l) The IRA deduction pursuant to the Code, Section 62(a)(7);
- 9 (m) The student loan interest deduction pursuant to the Code, Section
10 62(a)(17); and
- 11 (n) The tuition and fees deduction pursuant to the Code, Section 62(a)(18);
12 and.
- 13 ~~(o) The domestic production activities deduction pursuant to the Code,
14 Section 199.~~

15 **Sec. B-15. 36 MRSA §5213-A, sub-§6**, as corrected by RR 2015, c. 1, §42, is
16 amended to read:

17 **6. Limitations.** The following individuals do not qualify for the credit under this
18 section:

- 19 A. Married taxpayers filing separate returns; ~~or~~
- 20 B. Individuals who do not qualify as resident individuals because they do not meet
21 the requirements of section 5102, subsection 5, paragraph A; or
- 22 C. Individuals who can be claimed as a dependent on another taxpayer's return.

23 **Sec. B-16. 36 MRSA §5219-KK, sub-§1, ¶A**, as amended by PL 2017, c. 211,
24 Pt. D, §6, is further amended to read:

25 A. ~~Benefit~~ For tax years beginning before January 1, 2018, "benefit base" means
26 property taxes paid by a resident individual during the tax year on the resident
27 individual's homestead in this State or rent constituting property taxes paid by the
28 resident individual during the tax year on a homestead in the State not exceeding the
29 following amounts:

- 30 (1) For persons filing as single individuals, \$2,000;
- 31 (2) For persons filing joint returns or as heads of households that claim no more
32 than 2 personal exemptions, \$2,600; and
- 33 (3) For persons filing joint returns or as heads of households that claim 3 or more
34 personal exemptions, \$3,200.

35 **Sec. B-17. 36 MRSA §5219-KK, sub-§1, ¶A-1** is enacted to read:

1 A-1. For tax years beginning on or after January 1, 2018, "benefit base" means
2 property taxes paid by a resident individual during the tax year on the resident
3 individual's homestead in this State or rent constituting property taxes paid by the
4 resident individual during the tax year on a homestead in the State not exceeding the
5 following amounts:

6 (1) For persons filing as single individuals, \$2,050;

7 (2) For persons filing as heads of households that can claim the federal child tax
8 credit pursuant to the Code, Section 24 for no more than one qualifying child or
9 dependent or for persons filing joint returns, \$2,650; and

10 (3) For persons filing as heads of households that can claim the federal child tax
11 credit pursuant to the Code, Section 24 for more than one qualifying child or
12 dependent or for persons filing joint returns that can claim the federal child tax
13 credit pursuant to the Code, Section 24 for at least one qualifying child or
14 dependent, \$3,250.

15 **Sec. B-18. 36 MRSA §5219-KK, sub-§1, ¶D,** as enacted by PL 2013, c. 551,
16 §3, is amended to read:

17 D. "Income" means federal adjusted gross income increased by the following
18 amounts:

19 (1) Trade or business losses; capital losses; any net loss resulting from
20 combining the income or loss from rental real estate and royalties, the income or
21 loss from partnerships and S corporations, the income or loss from estates and
22 trusts, the income or loss from real estate mortgage investment conduits and the
23 net farm rental income or loss; any loss associated with the sale of business
24 property; and farm losses included in federal adjusted gross income;

25 (2) Interest received to the extent not included in federal adjusted gross income;

26 (3) Payments received under the federal Social Security Act and railroad
27 retirement benefits to the extent not included in federal adjusted gross income;
28 and

29 (4) The following amounts deducted in arriving at federal adjusted gross income:

30 (a) Educator expenses pursuant to the Code, Section 62(a)(2)(D);

31 (b) Certain business expenses of performing artists pursuant to the Code,
32 Section 62(a)(2)(B);

33 (c) Certain business expenses of government officials pursuant to the Code,
34 Section 62(a)(2)(C);

35 (d) Certain business expenses of reservists pursuant to the Code, Section
36 62(a)(2)(E);

37 (e) Health savings account deductions pursuant to the Code, Section
38 62(a)(16) and Section 62(a)(19);

39 (f) Moving expenses pursuant to the Code, Section 62(a)(15);

- 1 (g) The deductible part of self-employment tax pursuant to the Code, Section
2 164(f);
- 3 (h) The deduction for self-employed SEP, SIMPLE and qualified plans
4 pursuant to the Code, Section 62(a)(6);
- 5 (i) The self-employed health insurance deduction pursuant to the Code,
6 Section 162(1);
- 7 (j) The penalty for early withdrawal of savings pursuant to the Code, Section
8 62(a)(9);
- 9 (k) Alimony paid pursuant to the Code, Section 62(a)(10);
- 10 (l) The IRA deduction pursuant to the Code, Section 62(a)(7);
- 11 (m) The student loan interest deduction pursuant to the Code, Section
12 62(a)(17); and
- 13 (n) The tuition and fees deduction pursuant to the Code, Section 62(a)(18);
14 and.
- 15 ~~(o) The domestic production activities deduction pursuant to the Code,
16 Section 199.~~

17 **Sec. B-19. 36 MRS §5219-SS** is enacted to read:

18 **§5219-SS. Dependent exemption tax credit**

19 **1. Resident taxpayer.** A resident individual is allowed a credit against the tax
20 otherwise due under this Part equal to \$500 for each qualifying child and dependent of
21 the taxpayer for whom the federal child tax credit pursuant to the Code, Section 24 was
22 claimed for the same taxable year.

23 **2. Nonresident taxpayer.** A nonresident individual is allowed a credit against the
24 tax otherwise due under this Part equal to \$500 for each qualifying child and dependent
25 of the taxpayer for whom the federal child tax credit pursuant to the Code, Section 24 was
26 claimed for the same taxable year, multiplied by the ratio of the individual's Maine
27 adjusted gross income, as defined in section 5102, subsection 1-C, paragraph B, to the
28 individual's entire federal adjusted gross income as modified by section 5122.

29 **3. Part-year resident taxpayer.** An individual who files a return as a part-year
30 resident in accordance with section 5224-A is allowed a credit against the tax otherwise
31 due under this Part equal to \$500 for each qualifying child and dependent of the taxpayer
32 for whom the federal child tax credit pursuant to the Code, Section 24 was claimed for
33 the same taxable year, multiplied by a fraction, the numerator of which is the individual's
34 Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph A,
35 for that portion of the taxable year during which the individual was a resident plus the
36 individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C,
37 paragraph B, for that portion of the taxable year during which the individual was a
38 nonresident and the denominator of which is the individual's entire federal adjusted gross
39 income as modified by section 5122.

1 **4. Limitation.** The credit allowed by this section may not reduce the tax otherwise
2 due under this Part to less than zero. If the taxpayer's federal child tax credit is zero for
3 the taxable year, the credit under this section for the same taxable year is zero.

4 **Sec. B-20. 36 MRSA §5403, first ¶**, as enacted by PL 2015, c. 267, Pt. DD, §33,
5 is amended to read:

6 On or about September 15th of each year as specified in subsections ~~4~~ 1-A to 6, the
7 assessor shall multiply the cost-of-living adjustment for taxable years beginning in the
8 succeeding calendar year by the following:

9 **Sec. B-21. 36 MRSA §5403, sub-§1**, as enacted by PL 2015, c. 267, Pt. DD, §33,
10 is repealed.

11 **Sec. B-22. 36 MRSA §5403, sub-§1-A** is enacted to read:

12 **1-A. Individual income tax rate tables.** By the dollar amounts of the tax rate
13 tables specified in section 5111, subsections 1-G, 2-G and 3-G, except that for the
14 purposes of this subsection, notwithstanding section 5402, subsection 1-B, the "cost-of-
15 living adjustment" is the Chained Consumer Price Index for the 12-month period ending
16 June 30th of the preceding calendar year divided by the Chained Consumer Price Index
17 for the 12-month period ending June 30, 2017;

18 **Sec. B-23. 36 MRSA §5403, sub-§2**, as enacted by PL 2015, c. 267, Pt. DD, §33,
19 is amended to read:

20 **2. Standard deductions.** By ~~In 2016, by~~ the dollar amount contained in section
21 5124-B, subsection 1, paragraph A, except that for the purposes of this subsection,
22 notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the
23 Chained Consumer Price Index for the 12-month period ending June 30th of the
24 preceding calendar year divided by the Chained Consumer Price Index for the 12-month
25 period ending June 30, 2015;

26 **Sec. B-24. 36 MRSA §5403, sub-§4**, as amended by PL 2017, c. 170, Pt. D, §10,
27 is further amended to read:

28 **4. Individual income tax standard deduction and itemized deduction phase-out.**
29 Beginning in ~~2017~~ 2018 and each year thereafter, by the dollar amount contained in the
30 numerator of the fraction specified in section ~~5124-B~~ 5124-C, subsection ~~3~~ 2, paragraphs
31 A, B and C and section 5125, subsection ~~6~~ 7, paragraphs A, B and C, except that for the
32 purposes of this subsection, notwithstanding section 5402, subsection 1-B, the "cost-of-
33 living adjustment" is the Chained Consumer Price Index for the 12-month period ending
34 June 30th of the preceding calendar year divided by the Chained Consumer Price Index
35 for the 12-month period ending June 30, ~~2016~~ 2017;

36 **Sec. B-25. 36 MRSA §5403, sub-§5, ¶A**, as enacted by PL 2015, c. 267, Pt. DD,
37 §33, is amended to read:

38 A. Beginning in ~~2017~~ 2018 and each year thereafter, by the base credit ~~amount~~
39 amounts in section 5213-A, subsection 1, paragraph ~~A~~ A-1, including the additional
40 amounts in subparagraph ~~(1)~~ (2), divisions (a) and (b), except that for the purposes of
41 this paragraph, notwithstanding section 5402, subsection 1-B, the "cost-of-living
42 adjustment" is the Chained Consumer Price Index for the 12-month period ending

1 June 30th of the preceding calendar year divided by the Chained Consumer Price
2 Index for the 12-month period ending June 30, ~~2016~~ 2017. If the base credit amount,
3 adjusted by application of the cost-of-living adjustment, is not a multiple of \$5, any
4 increase must be rounded to the next lowest multiple of \$5;

5 **Sec. B-26. 36 MRSA §5403, sub-§5, ¶B**, as enacted by PL 2015, c. 267, Pt. DD,
6 §33, is repealed.

7 **Sec. B-27. 36 MRSA §5403, sub-§6**, as enacted by PL 2015, c. 267, Pt. DD, §33,
8 is amended to read:

9 **6. Property tax fairness credit.** Beginning in ~~2015~~ 2018 and each year thereafter,
10 the benefit base amounts in section 5219-KK, subsection 1, paragraph A A-1, except that
11 for the purposes of this subsection, notwithstanding section 5402, subsection 1-B, the
12 "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-month period
13 ending June 30th of the preceding calendar year divided by the Chained Consumer Price
14 Index for the 12-month period ending June 30, 2017.

15 **Sec. B-28. 36 MRSA §5403, 2nd ¶**, as enacted by PL 2015, c. 267, Pt. DD, §33,
16 is amended to read:

17 Except for subsection 5, ~~paragraphs paragraph A and B~~, if the dollar amount of each
18 item, adjusted by the application of the cost-of-living adjustment, is not a multiple of \$50,
19 any increase must be rounded to the next lowest multiple of \$50.

20 **Sec. B-29. Application.** Those sections of this Part that amend the Maine Revised
21 Statutes, Title 36, section 5213-A, subsection 1, paragraph B; section 5213-A, subsection
22 6; and section 5219-KK, subsection 1, paragraph D and that enact Title 36, section 5125,
23 subsection 3, paragraph A-1 and section 5219-SS apply to tax years beginning on or after
24 January 1, 2018.

25 **PART C**

26 **Sec. C-1. 36 MRSA §5122, sub-§1, ¶X**, as amended by PL 2007, c. 539, Pt.
27 CCC, §2, is further amended to read:

28 X. ~~A~~ For tax years beginning on or after January 1, 2005 but before January 1,
29 2018, an amount equal to the taxpayer's federal deduction relating to income
30 attributable to domestic production activities claimed in accordance with Section 102
31 of the federal American Jobs Creation Act of 2004, Public Law 108-357;

32 **Sec. C-2. 36 MRSA §5122, sub-§1, ¶KK**, as enacted by PL 2015, c. 388, Pt. A,
33 §5, is amended to read:

34 KK. For taxable years beginning on or after January 1, 2015 but before January 1,
35 2018:

- 36 (1) An amount equal to the net increase in depreciation attributable to the
37 depreciation deduction claimed by the taxpayer under the Code, Section 168(k)
38 with respect to property placed in service in the State during the taxable year for
39 which a credit is claimed under section 5219-NN for that taxable year; and

1 (2) An amount equal to the net increase in depreciation attributable to the
2 depreciation deduction claimed by the taxpayer under the Code, Section 168(k)
3 with respect to property for which a credit is not claimed under section 5219-NN.

4 **Sec. C-3. 36 MRSA §5164, sub-§1**, as amended by PL 2011, c. 548, §26 and
5 affected by §35, is further amended to read:

6 **1. Fiduciary adjustment defined.** The fiduciary adjustment is the net amount of the
7 modifications described in section 5122, including subsection 3 if the estate or trust is a
8 beneficiary of another estate or trust, that relates to items of income or deduction of an
9 estate or trust. ~~Income~~ The following items, to the extent that they were deducted in
10 calculating federal taxable income, must be added back to the fiduciary adjustment:
11 income taxes imposed by this State or any other taxing jurisdiction; the amount of the
12 qualified business income deduction determined under the Code, Section 199A; and
13 interest or expenses incurred in the production of income exempt from tax under this Part
14 that were deducted in arriving at federal taxable income must be added back to the
15 fiduciary adjustment. Interest or expenses incurred in the production of income taxable
16 under this Part but exempt from federal income tax must be subtracted from the fiduciary
17 adjustment.

18 **Sec. C-4. 36 MRSA §5200-A, sub-§1, ¶S**, as amended by PL 2007, c. 700, Pt.
19 B, §1, is further amended to read:

20 S. ~~For tax years beginning on or after January 1, 2005 but before January 1,~~
21 2018, an amount equal to the taxpayer's federal deduction relating to income
22 attributable to domestic production activities claimed in accordance with Section 102
23 of the federal American Jobs Creation Act of 2004, Public Law 108-357;

24 **Sec. C-5. 36 MRSA §5200-A, sub-§1, ¶CC**, as enacted by PL 2015, c. 388, Pt.
25 A, §11, is further amended to read:

26 CC. For taxable years beginning on or after January 1, 2015 but before January 1,
27 2018:

28 (1) An amount equal to the net increase in depreciation attributable to the
29 depreciation deduction claimed by the taxpayer under the Code, Section 168(k)
30 with respect to property placed in service in the State during the taxable year for
31 which a credit is claimed under section 5219-NN for that taxable year; and

32 (2) An amount equal to the net increase in depreciation attributable to the
33 depreciation deduction claimed by the taxpayer under the Code, Section 168(k)
34 with respect to property for which a credit is not claimed under section 5219-NN.

35 **Sec. C-6. 36 MRSA §5203-C, sub-§2, ¶C**, as enacted by PL 2003, c. 673, Pt. JJ,
36 §3 and affected by §6, is amended to read:

37 C. Taxable corporations required to file an income tax return under this Part,
38 excluding financial institutions subject to the tax imposed by chapter 819 and persons
39 not subject to the federal alternative minimum tax under the Code, Section 55(e).
40 The tax imposed by this subsection does not apply to taxable corporations for tax
41 years beginning on or after January 1, 2018.

1 **Sec. C-7. 36 MRSA §5219-NN**, as repealed and replaced by PL 2017, c. 211, Pt.
2 D, §8, is further amended to read:

3 **§5219-NN. Maine capital investment credit for 2015, 2016 and 2017**

4 **1. Credit allowed.** A taxpayer that claims a depreciation deduction under the Code,
5 Section 168(k) for property placed in service in the State during a taxable year that begins
6 on or after January 1, 2015 but before January 1, 2018 is allowed a credit as follows:

7 A. A taxable corporation is allowed a credit against the taxes imposed by this Part in
8 an amount equal to 9% of the amount of the net increase in the depreciation
9 deduction reported as an addition to income for the taxable year under section
10 5200-A, subsection 1, paragraph CC, subparagraph (1) with respect to that property,
11 except for excluded property under subsection 2; or

12 B. An individual is allowed a credit against the taxes imposed by this Part in an
13 amount equal to:

14 (1) For taxable years beginning in 2015, 8% of the amount of the net increase in
15 the depreciation deduction reported as an addition to income for the taxable year
16 under section 5122, subsection 1, paragraph KK, subparagraph (1) with respect to
17 that property, except for excluded property under subsection 2; and

18 (2) For taxable years beginning on or after January 1, 2016 but before January 1,
19 2018, 7% of the amount of the net increase in the depreciation deduction reported
20 as an addition to income for the taxable year under section 5122, subsection 1,
21 paragraph KK, subparagraph (1) with respect to that property, except for
22 excluded property under subsection 2.

23 **2. Certain property excluded.** The following property is not eligible for the credit
24 under this section:

25 A. Property owned by a public utility as defined by Title 35-A, section 102,
26 subsection 13;

27 B. Property owned by a person that provides radio paging services as defined by
28 Title 35-A, section 102, subsection 15;

29 C. Property owned by a person that provides mobile telecommunications services as
30 defined by Title 35-A, section 102, subsection 9-A;

31 D. Property owned by a cable television company as defined by Title 30-A, section
32 2001, subsection 2;

33 E. Property owned by a person that provides satellite-based direct television
34 broadcast services;

35 F. Property owned by a person that provides multichannel, multipoint television
36 distribution services; and

37 G. Property that is not in service in the State for the entire 12-month period
38 following the date it is placed in service in the State.

39 **3. Limitations; carry-forward.** The credit allowed under subsection 1 may not
40 reduce the tax otherwise due under this Part to less than zero. Any unused portion of the

1 credit may be carried forward to the following year or years for a period not to exceed 20
2 years.

3 **4. Recapture.** The credit allowed under this section must be fully recaptured to the
4 extent claimed by the taxpayer if the property forming the basis of the credit is not used
5 in the State for the entire 12-month period following the date it is placed in service in the
6 State. The credit must be recaptured by filing an amended return in accordance with
7 section 5227-A for the tax year in which that property was used to calculate the credit
8 under this section. The amended return must reflect the credit disallowed and the income
9 modifications required by section 5122, subsection 1, paragraph KK and section 5200-A,
10 subsection 1, paragraph CC with respect to that property.

11 **Sec. C-8. Application.** That section of this Part that amends the Maine Revised
12 Statutes, Title 36, section 5164, subsection 1 applies to tax years beginning on or after
13 January 1, 2018.

14 **PART D**

15 **Sec. D-1. 36 MRSA §5200-A, sub-§1, ¶¶DD and EE** are enacted to read:

16 DD. An amount equal to the taxpayer's deduction claimed in accordance with the
17 Code, Section 965(c);

18 EE. An amount equal to the taxpayer's global intangible low-taxed income deduction
19 claimed in accordance with the Code, Section 250(a)(1)(B);

20 **Sec. D-2. 36 MRSA §5200-A, sub-§2, ¶G,** as amended by PL 1997, c. 746, §10
21 and affected by §24, is further amended to read:

22 G. Fifty percent of the apportionable dividend income, net of related expenses and
23 other related deductions deducted in computing federal taxable income, the taxpayer
24 received during the taxable year from an affiliated corporation that is not included
25 with the taxpayer in a Maine combined report, except that this modification must be
26 phased in over 5 years in accordance with the following schedule: Dividend income
27 does not include subpart F income, as defined in the Code, Section 952, income
28 included in federal taxable income in accordance with the Code, Section 951A or
29 income included in federal taxable income in accordance with the Code, Section 965.
30 Any amount subtracted from federal taxable income under this paragraph must be
31 excluded from the sales factor of any apportionment formula employed to attribute
32 income to this State;

Taxable year beginning in:	Subtractable dividend income:
33 1989	10%
34 1990 —	20%
35 1991	30%
36 1992	40%
37 1993 or thereafter	50%;

38
39 **Sec. D-3. 36 MRSA §5200-A, sub-§2, ¶¶BB, CC and DD** are enacted to read:

1 BB. An amount equal to 50% of the apportionable subpart F income, as defined in
2 the Code, Section 952, net of related expenses and other related deductions deducted
3 in computing federal taxable income, that the taxpayer included in federal gross
4 income during the taxable year. Any amount subtracted from federal taxable income
5 under this paragraph must be excluded from the sales factor of any apportionment
6 formula employed to attribute income to this State.

7 CC. An amount equal to 80% of the apportionable deferred foreign income that the
8 taxpayer included in federal gross income during the taxable year in accordance with
9 the Code, Section 965(a) as adjusted by Section 965(b). Any amount subtracted from
10 federal taxable income under this paragraph must be excluded from the sales factor of
11 any apportionment formula employed to attribute income to this State.

12 DD. An amount equal to 50% of the apportionable global intangible low-taxed
13 income that the taxpayer included in federal gross income during the taxable year in
14 accordance with the Code, Section 951A, net of related expenses and other related
15 deductions deducted in computing federal taxable income. The amount included in
16 the sales factor of any apportionment formula employed to attribute apportionable
17 income to this State the taxpayer included in federal gross income during the taxable
18 year in accordance with the Code, Section 951A is 50% of the amount included in
19 federal gross income.

20 **Sec. D-4. Application.** This Part applies to tax years beginning on or after January
21 1, 2017, except those sections of this Part that enact the Maine Revised Statutes, Title 36,
22 section 5200-A, subsection 1, paragraph EE and subsection 2, paragraph DD apply to tax
23 years beginning on or after January 1, 2018.

24 **PART E**

25 **Sec. E-1. 36 MRSA §5200, sub-§1,** as amended by PL 2005, c. 618, §6 and
26 affected by §22, is further amended to read:

27 **1. Imposition and rate of tax prior to 2020.** A For tax years beginning before
28 January 1, 2020, a tax is imposed for each taxable year at the following rates on each
29 taxable corporation and on each group of corporations that derives income from a unitary
30 business carried on by 2 or more members of an affiliated group:

31	If the income is:	The tax is:
32	Not over \$25,000	3.5% of the income
33	\$25,000 but not over \$75,000	\$875 plus 7.93% of the excess over
34		\$25,000
35	\$75,000 but not over \$250,000	\$4,840 plus 8.33% of the excess over
36		\$75,000
37	\$250,000 or more	\$19,418 plus 8.93% of the excess over
38		\$250,000

39
40 In the case of an affiliated group of corporations engaged in a unitary business with
41 activity taxable only by Maine, the rates provided in this subsection are applied only to

1 the first \$250,000 of the Maine net income of the entire group and must be apportioned
2 equally among the taxable corporations unless those taxable corporations jointly elect a
3 different apportionment. The balance of the Maine net income of the entire group is taxed
4 at 8.93%.

5 In the case of an affiliated group of corporations engaged in a unitary business with
6 activity taxable both within and without this State, the rates provided in this subsection
7 are applied only to the first \$250,000 of the net income of the entire group and must be
8 apportioned equally among the taxable corporations unless those taxable corporations
9 jointly elect a different apportionment. The balance of the net income of the entire group
10 is taxed at 8.93%.

11 **Sec. E-2. 36 MRSA §5200, sub-§1-A** is enacted to read:

12 **1-A. Imposition and rate of tax beginning 2020.** For tax years beginning on or
13 after January 1, 2020, a tax is imposed for each taxable year at the following rates on
14 each taxable corporation and on each group of corporations that derives income from a
15 unitary business carried on by 2 or more members of an affiliated group:

<u>If the income is:</u>	<u>The tax is:</u>
<u>Not over \$25,000</u>	<u>3.5% of the income</u>
<u>\$25,000 but not over \$75,000</u>	<u>\$875 plus 7.93% of the excess over</u> <u>\$25,000</u>
<u>\$75,000 or more</u>	<u>\$4,840 plus 8.33% of the excess over</u> <u>\$75,000</u>

22
23 In the case of an affiliated group of corporations engaged in a unitary business with
24 activity taxable only by Maine, the rates provided in this subsection are applied only to
25 the first \$75,000 of the Maine net income of the entire group and must be apportioned
26 equally among the taxable corporations unless those taxable corporations jointly elect a
27 different apportionment. The balance of the Maine net income of the entire group is taxed
28 at 8.33%.

29 In the case of an affiliated group of corporations engaged in a unitary business with
30 activity taxable both within and without this State, the rates provided in this subsection
31 are applied only to the first \$75,000 of the net income of the entire group and must be
32 apportioned equally among the taxable corporations unless those taxable corporations
33 jointly elect a different apportionment. The balance of the net income of the entire group
34 is taxed at 8.33%.

35 **Sec. E-3. 36 MRSA §5200, sub-§§2 to 4**, as enacted by PL 2005, c. 457, Pt.
36 FFF, §1 and affected by §2, are amended to read:

37 **2. Business activity only within Maine.** For purposes of ~~subsection~~ subsections 1
38 and 1-A, with respect to a taxable corporation or group of corporations that derive income
39 from a unitary business carried on by 2 or more members of an affiliated group with
40 income from business activity that is taxable only by Maine, "income" means Maine net
41 income.

1 **§11472. Maine Education Savings Program**

2 The Maine ~~College~~ Education Savings Program, referred to in this chapter as the
3 "program," is established to encourage the investment of funds to be used for higher
4 education expenses at institutions of higher education and, beginning January 1, 2018,
5 and as long as permitted by provisions of Section 529 of the federal Internal Revenue
6 Code of 1986, expenses for tuition in connection with enrollment or attendance at an
7 elementary or secondary public, private or religious school. The authority shall
8 administer the program and act as administrator of the program fund.

9 **Sec. F-5. 20-A MRSA §11477, sub-§2, ¶C,** as enacted by PL 1997, c. 732, §4,
10 is amended to read:

11 C. Receipt by the beneficiary of a scholarship or educational funding, identified by
12 rule of the authority, resulting in an excess of funds in the account not needed to pay
13 higher education expenses at an institution of higher education.

14 **Sec. F-6. 20-A MRSA §11479,** as enacted by PL 1997, c. 732, §4, is amended to
15 read:

16 **§11479. Tax exemption**

17 The assets of the program fund, all program earnings and any income from operations
18 are exempt from all taxation by the State or any of its political subdivisions. A deposit to
19 any account, transfer of that account to a successor participant, designation of a successor
20 beneficiary of that account, credit of program earnings to that account or qualified
21 distribution from that account used for the purpose of paying higher education expenses
22 of the designated beneficiary of that account pursuant to this chapter, as long as that
23 distribution does not exceed the limits established in Section 529 of the federal Internal
24 Revenue Code of 1986 or rollover distributions permitted under Section 529 of the
25 federal Internal Revenue Code of 1986, does not subject that participant, the estate of that
26 participant or any beneficiary to any state income or estate tax liability. In the event of
27 cancellation or termination of a participation agreement and distribution of funds to a
28 participant, the increase in value over the amount deposited in the program fund by that
29 participant may be taxable to that participant in the year distributed.

30 **Sec. F-7. 20-A MRSA §11484,** as amended by PL 2017, c. 200, §§1 and 2, is
31 further amended to read:

32 **§11484. Advisory Committee on Education Savings**

33 The Advisory Committee on ~~College~~ Education Savings, referred to in this chapter as
34 the "advisory committee," is created to provide advice to the authority on the operation of
35 the program and investment of the program fund.

36 **1. Membership.** The advisory committee consists of 8 members as follows:

37 B-2. One member appointed by the Governor from the public;

38 C. Four members appointed by the Governor with experience in and knowledge of
39 institutional investment of funds; and

1 F. Three members appointed by the chair of the board who are members of the
2 board.

3 The chair of the advisory committee must be appointed annually by the chair of the
4 board.

5 **2. Terms.** Members appointed by the Governor must be appointed for terms of 4
6 years. Members appointed by the chair of the board are appointed for terms of one year.
7 Members may be removed for cause.

8 **3. Compensation.** Members of the advisory committee are compensated in
9 accordance with Title 5, chapter 379.

10 **Sec. F-8. 36 MRSA §5122, sub-§2, ¶J,** as amended by PL 2003, c. 390, §33, is
11 further amended to read:

12 J. To the extent included in federal adjusted gross income, any amount constituting a
13 qualified distribution from an account established pursuant to Title 20-A, chapter
14 417-E ~~and used for paying higher education expenses of the designated beneficiary of~~
15 ~~that account;~~

16 **Sec. F-9. Maine Revised Statutes amended; revision clause.** Wherever in
17 the Maine Revised Statutes the words "Maine College Savings Program" appear or
18 reference is made to that program or those words, those words are amended to read or
19 mean, as appropriate, "Maine Education Savings Program" and the Revisor of Statutes
20 shall implement this revision when updating, publishing or republishing the statutes.

21 **PART G**

22 **Sec. G-1. Appropriations and allocations.** The following appropriations and
23 allocations are made.

24 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

25 **Revenue Services, Bureau of 0002**

26 Initiative: Provides one-time funding for computer programming changes.

27	GENERAL FUND	2017-18	2018-19
28	All Other	\$0	\$180,000
29			
30	GENERAL FUND TOTAL	\$0	\$180,000

31

32 **SUMMARY**

33 This amendment, which is the minority report of the committee, replaces the bill and
34 does the following.

35 Part A updates references to the United States Internal Revenue Code of 1986
36 contained in the Maine Revised Statutes, Title 36 to refer to the United States Internal
37 Revenue Code of 1986 as amended through March 23, 2018 for tax years beginning on or

1 after January 1, 2017 and for any prior tax years as specifically provided by the United
2 States Internal Revenue Code of 1986, as amended. Part A primarily affects the State's
3 income and estate tax laws.

4 Part B makes the following changes to the individual income tax.

5 1. It reduces the individual income tax for tax years beginning on or after January 1,
6 2018 by eliminating the tax on taxable income up to \$4,150 for single individuals and
7 head of household filers and up to \$8,300 for individuals filing married joint returns or
8 surviving spouses permitted to file a joint return.

9 2. For tax years beginning on or after January 1, 2018, it changes the Maine standard
10 deduction to conform to the federal standard deduction and increases the amount at which
11 the standard deduction begins to phase out.

12 3. It increases Maine itemized deductions by the amount of real and personal
13 property taxes not claimed for federal income tax purposes as a result of the \$10,000
14 limitation, which is \$5,000 in the case of a married individual filing a separate return,
15 applicable to the aggregate of state, local and foreign income taxes, or state and local
16 general sales taxes in lieu of state and local income taxes, and property taxes. Both the
17 federal limitation and the increase in Maine itemized deductions apply to tax years
18 beginning on or after January 1, 2018.

19 4. For tax years beginning on or after January 1, 2018, it increases the amount at
20 which the Maine itemized deduction begins to phase out.

21 5. It amends the sales tax fairness credit and the property tax fairness credit by
22 replacing references to the number of exemptions claimed on the taxpayer's return with
23 references to dependents claimed under the federal child tax credit and removing the
24 requirement to add the federal domestic production activities deduction to income for
25 purposes of the programs in response to federal tax changes made in the federal Tax Cuts
26 and Jobs Act of 2017. It also provides for the adjustment for inflation of the sales tax
27 fairness credit and the property tax fairness credit beginning in 2019.

28 6. It establishes a new tax credit equal to \$500 for each qualifying child and
29 dependent of the taxpayer for whom the federal child tax credit pursuant to the Internal
30 Revenue Code, Section 24 is claimed for the same taxable year. The new credit is
31 available for tax years beginning on or after January 1, 2018.

32 Part C makes the following changes to the individual and corporate income taxes.

33 1. It repeals Maine's domestic production activities deduction income modification.
34 The related federal deduction is repealed for tax years beginning on or after January 1,
35 2018.

36 2. It repeals the addition modifications that reverse, for Maine tax purposes, the
37 effects of the federal bonus depreciation deduction and repeals the related Maine capital
38 investment tax credit. Both changes apply to tax years beginning on or after January 1,
39 2018.

40 3. It requires that any amount claimed as a special deduction provided by the Internal
41 Revenue Code, Section 199A must be added back to federal taxable income for purposes
42 of calculating income tax liability of estates and trusts under the Maine Revised Statutes,

1 Title 36, chapters 809 and 811. Individual taxpayers are not allowed the special deduction
2 provided by the Internal Revenue Code, Section 199A in calculating Maine taxable
3 income; this section provides similar treatment to estates and trusts.

4 4. It eliminates the corporate alternative minimum tax for tax years beginning after
5 December 31, 2017.

6 Part D makes the following corporate income tax changes regarding the federal
7 mandatory repatriation of deferred foreign income under the federal Tax Cuts and Jobs
8 Act of 2017, the taxation of dividends, subpart F income as defined in Section 952 of the
9 Internal Revenue Code, or "Code," and global intangible low-taxed income.

10 1. It creates an addition modification in the amount of the participation exemption
11 claimed in accordance with the Code, Section 965(c). This provision applies to tax years
12 beginning on or after January 1, 2017.

13 2. It creates an addition modification in the amount of the global intangible low-
14 taxed income deduction claimed in accordance with the Code, Section 250(a)(1)(B). This
15 provision applies to tax years beginning on or after January 1, 2018.

16 3. It makes technical clarifications, removing obsolete language from the existing
17 dividends-received subtraction, clarifying netting and sales factor treatment consistent
18 with administrative practice and excluding from dividend income subpart F income,
19 global intangible low-taxed income included in federal taxable income in accordance
20 with the Code, Section 951A and deferred foreign income included in federal taxable
21 income in accordance with the Code, Section 965. This provision applies to tax years
22 beginning on or after January 1, 2017.

23 4. It creates a subtraction modification for an amount equal to 50% of the
24 apportionable subpart F income included in federal gross income by the taxpayer. This
25 section codifies the longstanding administrative practice of applying the existing
26 dividends-received subtraction to subpart F income, as well as dividends. This provision
27 applies to tax years beginning on or after January 1, 2017.

28 5. It creates a subtraction modification for an amount equal to 80% of the
29 apportionable deferred foreign income included in federal gross income, pursuant to the
30 Code, Section 965(a) and (b), by the taxpayer. This provision applies to tax years
31 beginning on or after January 1, 2017.

32 6. It creates a subtraction modification for an amount equal to 50% of the
33 apportionable global low-taxed intangible income included in federal gross income,
34 pursuant to the Code, Section 951A, by the taxpayer. This provision applies to tax years
35 beginning on or after January 1, 2018.

36 Part E reduces corporate income tax rates beginning in 2020. The current rate
37 structure for taxable corporations consists of 3.5%, 7.93%, 8.33% and 8.93% taxable
38 income brackets. The rate structure for tax years beginning after December 31, 2019
39 consists of 3.5%, 7.93% and 8.33% taxable income brackets.

40 Part F amends the Maine College Savings Program to change the name to the Maine
41 Education Savings Program and, as a result of recent federal changes to the Internal
42 Revenue Code, Section 529, qualified tuition programs, extends the ability to use the
43 program for enrollment or attendance expenses at an elementary or secondary public,

1 private or religious school and to receive favorable federal tax treatment on the earnings
2 portions of such disbursements. Part F provides for changes to the Maine Revised
3 Statutes to reflect the change to the name of the program. Part F also conforms the
4 program's state tax treatment of such disbursements to federal law.

5 Part G provides funding for computer programming changes needed as a result of the
6 changes made in this amendment.

7
8

FISCAL NOTE REQUIRED

(See attached)