

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33

Date: (Filing No. S-)

TAXATION

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

**STATE OF MAINE
SENATE
132ND LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT “ ” to S.P. 762, L.D. 1954, “An Act to Lower Household Costs by Expanding the Sales Tax Exemption for Certain Grocery Staples Sold in Grocery Stores”

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

'An Act to Update the Sales Tax Fairness Credit'

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

'Sec. 1. 36 MRSA §5213-A, sub-§1, ¶A-1, as enacted by PL 2017, c. 474, Pt. B, §9, is amended to read:

A-1. For tax years beginning on or after January 1, 2018 and before January 1, 2026, "base credit" means:

- (1) For single individuals, \$125; and
- (2) For individuals filing joint returns or as heads of households, \$175 plus an additional amount equal to:
 - (a) For individuals filing joint returns, \$25 if they can claim the federal child tax credit pursuant to the Code, Section 24 for no more than one qualifying child or dependent or \$50 if they can claim the credit for more than one qualifying child or dependent; or
 - (b) For individuals filing as heads of households, \$25 if they can claim the federal child tax credit pursuant to the Code, Section 24 for 2 qualifying children or dependents or \$50 if they can claim the credit for more than 2 qualifying children or dependents.

Sec. 2. 36 MRSA §5213-A, sub-§1, ¶A-2 is enacted to read:

A-2. For tax years beginning on or after January 1, 2026, "base credit" means:

- (1) For single individuals, \$170; and

COMMITTEE AMENDMENT

1 (2) For individuals filing joint returns or as heads of households, \$240 plus an
2 additional amount equal to:

3 (a) For individuals filing joint returns, \$40 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 \$75 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, \$40 if they can claim the
8 federal child tax credit pursuant to the Code, Section 24 for 2 qualifying
9 children or dependents or \$75 if they can claim the credit for more than 2
10 qualifying children or dependents.

11 **Sec. 3. 36 MRSA §5213-A, sub-§4**, as enacted by PL 2015, c. 267, Pt. DD, §19,
12 is amended to read:

13 **4. Phase-out of credit.** The credit allowed under this section is phased out as follows.

14 ~~A. For single individuals, the credit is reduced by \$10 for every \$500 or portion thereof~~
15 ~~that exceeds \$20,000 of the income.~~

16 ~~B. For unmarried individuals or legally separated individuals who qualify as heads of~~
17 ~~households, the credit is reduced by \$15 for every \$750 or portion thereof that exceeds~~
18 ~~\$30,000 of the income.~~

19 ~~C. For individuals filing married joint returns or surviving spouses permitted to file~~
20 ~~joint returns, the credit is reduced by \$20 for every \$1,000 or portion thereof that~~
21 ~~exceeds \$40,000 of the income.~~

22 ~~D. For tax years beginning before January 1, 2026:~~

23 ~~(1) For single individuals, the credit is reduced by \$10 for every \$500 or portion~~
24 ~~thereof that exceeds \$20,000 of the income;~~

25 ~~(2) For unmarried individuals or legally separated individuals who qualify as~~
26 ~~heads of households, the credit is reduced by \$15 for every \$750 or portion thereof~~
27 ~~that exceeds \$30,000 of the income; and~~

28 ~~(3) For individuals filing married joint returns or surviving spouses permitted to~~
29 ~~file joint returns, the credit is reduced by \$20 for every \$1,000 or portion thereof~~
30 ~~that exceeds \$40,000 of the income.~~

31 ~~E. For tax years beginning on or after January 1, 2026:~~

32 ~~(1) For single individuals, the credit is reduced by \$10 for every \$500 or portion~~
33 ~~thereof that exceeds \$34,000 of the income;~~

34 ~~(2) For unmarried individuals or legally separated individuals who qualify as~~
35 ~~heads of households, the credit is reduced by \$15 for every \$750 or portion thereof~~
36 ~~that exceeds \$51,000 of the income; and~~

37 ~~(3) For individuals filing married joint returns or surviving spouses permitted to~~
38 ~~file joint returns, the credit is reduced by \$20 for every \$1,000 or portion thereof~~
39 ~~that exceeds \$68,000 of the income.~~

40 **Sec. 4. 36 MRSA §5403, sub-§5, ¶A**, as amended by PL 2017, c. 474, Pt. B, §22,
41 is further amended to read:

1 A. Beginning in 2018 and each year thereafter, by the base credit amounts in section
2 5213-A, subsection 1, paragraph A-1, including the additional amounts in section
3 5213-A, subsection 1, paragraph A-1, subparagraph (2), divisions (a) and (b), except
4 that for the purposes of this paragraph, notwithstanding section 5402, subsection 1-B,
5 the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-month
6 period ending June 30th of the preceding calendar year divided by the Chained
7 Consumer Price Index for the 12-month period ending June 30, 2017. If the base credit
8 amount, adjusted by application of the cost-of-living adjustment, is not a multiple of
9 \$5, any increase must be rounded to the next lowest multiple of \$5; and

10 **Sec. 5. 36 MRSA §5403, sub-§5, ¶C**, as amended by PL 2017, c. 474, Pt. B, §22,
11 is further amended to read:

12 C. Beginning in 2016 and each year ~~thereafter~~ prior to 2026, by the dollar amount of
13 the income threshold set forth in section 5213-A, subsection 4, paragraph D, except
14 that for the purposes of this paragraph, notwithstanding section 5402, subsection 1-B,
15 the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-month
16 period ending June 30th of the preceding calendar year divided by the Chained
17 Consumer Price Index for the 12-month period ending June 30, 2015;

18 **Sec. 6. 36 MRSA §5403, sub-§5, ¶D** is enacted to read:

19 D. Beginning in 2026 and each year thereafter, by the base credit amounts in section
20 5213-A, subsection 1, paragraph A-2, including the additional amounts in section
21 5213-A, subsection 1, paragraph A-2, subparagraph (2), divisions (a) and (b), except
22 that for the purposes of this paragraph, notwithstanding section 5402, subsection 1-B,
23 the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-month
24 period ending June 30th of the preceding calendar year divided by the Chained
25 Consumer Price Index for the 12-month period ending June 30, 2025. If the base credit
26 amount, adjusted by application of the cost-of-living adjustment, is not a multiple of
27 \$5, any increase must be rounded to the next lowest multiple of \$5; and

28 **Sec. 7. 36 MRSA §5403, sub-§5, ¶E** is enacted to read:

29 E. Beginning in 2026 and each year thereafter, by the dollar amount of the income
30 threshold set forth in section 5213-A, subsection 4, paragraph E, except that for the
31 purposes of this paragraph, notwithstanding section 5402, subsection 1-B, the "cost-of-
32 living adjustment" is the Chained Consumer Price Index for the 12-month period
33 ending June 30th of the preceding calendar year divided by the Chained Consumer
34 Price Index for the 12-month period ending June 30, 2025;'

35 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
36 number to read consecutively.

37 SUMMARY

38 This amendment replaces the bill, changes the title and updates the sales tax fairness
39 credit for tax years beginning on or after January 1, 2026. The maximum credit allowed
40 under the updated credit is \$170 for single filers, \$240 for individuals filing jointly with no
41 qualifying children or dependents or as heads of households with no more than one
42 qualifying child or dependent, \$280 for individuals filing jointly with no more than one
43 qualifying child or dependent or as heads of households with no more than 2 qualifying

1 children or dependents and \$315 for individuals filing jointly with 2 or more qualifying
2 children or dependents or as heads of households with 3 or more qualifying children or
3 dependents. The updated credit begins to phase out at \$34,000 for single filers, \$51,000 for
4 heads of households and \$68,000 for married joint filers. The updated credit is adjusted
5 annually for inflation.

6 **FISCAL NOTE REQUIRED**

7 **(See attached)**