

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

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

'An Act To Provide for Decreases in Income Taxes'

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

'Sec. 1. 5 MRSA §1518-A, sub-§1, as enacted by PL 2005, c. 2, Pt. A, §4 and affected by §14, is amended to read:

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 as provided in subsection 3. The fund consists of all resources transferred to the fund under section 1536 and other resources made available to the fund.

Sec. 2. 5 MRSA §1518-A, sub-§3 is enacted to read:

3. Income tax reduction. At the close of each fiscal year, the State Controller shall certify to the State Tax Assessor the amount transferred to the fund and available for tax relief. Using 50% of the funds available in the fund, the State Tax Assessor shall calculate a proportional decrease in the rates of income tax imposed pursuant to Title 36, section 5111, subsections 1-B, 2-B and 3-B and, no later than September 15th annually, submit legislation to the joint standing committee of the Legislature having jurisdiction over taxation matters that includes decreased rates and other necessary changes.

The rates apply only to tax years beginning in the immediately succeeding calendar year.

If there are insufficient funds to decrease the income tax rates by at least one quarter of a percentage point each, then the State Tax Assessor may not make the adjustments required pursuant to this subsection.

Sec. 3. 36 MRSA §5111, first ¶, as amended by PL 1999, c. 731, Pt. T, §1, is further amended to read:

A tax is imposed for each taxable year beginning on or after January 1, 2000, on the Maine taxable income of every resident individual of this State. The amount of the tax is determined as provided in this section and Title 5, section 1518-A, subsection 3.

Sec. 4. PL 2007, c. 240, Pt. MM, §1 is amended to read:

Sec. MM-1. Transfer from unappropriated surplus at close of fiscal year 2007-08 to the Department of Health and Human Services, Medical Care - Payments to Providers account. Notwithstanding any other provision of law, at the close of fiscal year 2007-08 the State Controller shall transfer up to \$107,500,000 from the unappropriated surplus of the General Fund to the Department of Health and Human Services, Medical Care - ~~Payment~~Payments to Providers account in the General Fund after all required deductions of appropriations, budgeted financial commitments and

adjustments considered necessary by the State Controller have been made and as the first priority after the transfers required pursuant to the Maine Revised Statutes, Title 5, sections 1507 and 1511 and after 50% of the remainder is transferred to the Tax Relief Fund for Maine Residents established in Title 5, section 1518-A and before the transfer required pursuant to the Maine Revised Statutes, Title 5, section 1536.

Sec. 5. Application. The adjustment required pursuant to the Maine Revised Statutes, Title 5, section 1518-A, subsection 3 applies to tax years beginning on or after January 1, 2009.'

SUMMARY

This amendment strikes the bill and instead specifies how the Tax Relief Fund for Maine Residents is to be used to provide tax relief. It requires the State Tax Assessor to annually calculate the amount that income tax rates can be proportionally reduced using 50% of the funds available in the Tax Relief Fund for Maine Residents. The new rates would be submitted to the Legislature for enactment and would be applicable for the calendar year immediately succeeding the calculation only. If insufficient funds exist to decrease the tax rates by at least one quarter of a percentage point, then no adjustment is made for that year.

This amendment amends the budget bill for the 2008-2009 biennium to specify that the so-called "cascade" must include, as the priority immediately before the transfer from the unappropriated surplus of the General Fund to the Medical Care - Payments to Providers, General Fund account a transfer to the Tax Relief Fund for Maine Residents.

FISCAL NOTE REQUIRED

(See attached)