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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  
125TH LEGISLATURE  
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT “ ” to S.P. 252, L.D. 849, Bill, “An Act To Provide Tax Relief for Maine's Citizens by Reducing 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**, as enacted by PL 2005, c. 2, Pt. A, §4 and affected by §14, is amended to read:

**§1518-A. Tax Relief Fund for Maine Residents**

**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. The fund consists of all resources transferred to the fund under subsection 4 and section 1536 and other resources made available to the fund. The fund must be used to reduce the individual income tax rates to 4% pursuant to subsection 1-A.

**1-A. Implementation.** By September 1, 2014 and annually thereafter, the State Controller shall inform the State Tax Assessor of the amount available in the fund for the purposes of subsection 1.

A. By November 1st annually, the State Tax Assessor shall calculate the amount by which the income tax rates under Title 36, section 5111, subsections 1-C, 2-C and 3-C may be reduced during the subsequent tax year using the amount available from the fund. Bracket rate reductions must be a minimum of 0.2 percentage points in the first year in which reductions are made and a minimum of 0.1 percentage points in subsequent years. If sufficient funds are not available to pay for the minimum reduction, a rate reduction may not be made until the amount in the fund is sufficient to pay for the reduction. When the amount is sufficient to pay for the reduction, the reduction must first be applied equally to each bracket under Title 36, section 5111, subsections 1-C, 2-C and 3-C until the lower bracket reaches 4%. Funds available from the fund in subsequent years must be applied to reduce the higher bracket rates

**COMMITTEE AMENDMENT**

1 until there is a single bracket with a rate of 4%, after which future tax relief may be  
2 identified.

3 B. The State Tax Assessor shall provide public notice of new bracket rates calculated  
4 under this subsection by November 15th annually.

5 C. New bracket rates calculated under this subsection apply beginning with tax years  
6 that begin on or after January 1st of the calendar year following the determinations  
7 made under this subsection.

8 **2. Nonlapsing fund.** Any unexpended balance in the Tax Relief Fund for Maine  
9 Residents may not lapse but must be carried forward to be used pursuant to subsection ~~4~~  
10 1-A.

11 **3. Transfer for income tax reduction.** In the fiscal years immediately following  
12 the calculation of the income tax rate reduction under subsection 1-A, paragraph A, the  
13 State Tax Assessor shall certify to the State Controller the amount of the reduction in  
14 General Fund revenue by fiscal year, and the State Controller shall transfer from the fund  
15 the amount certified for the reduction in revenue attributable to adjustments made under  
16 subsection 1-A to the General Fund unappropriated surplus.

17 **4. Transfer from General Fund revenue growth.** Beginning with fiscal year  
18 2013-14 and before any other transfers from the General Fund, the State Controller shall  
19 transfer to the fund at the close of each fiscal year 40% of the amount by which General  
20 Fund revenue for that fiscal year exceeds the General Fund appropriation limitation  
21 calculated for that fiscal year under section 1534.

22 **Sec. 2. 5 MRSA §1536, sub-§1,** as amended by PL 2011, c. 380, Pt. X, §2, is  
23 further amended to read:

24 **1. Fourth priority reserve.** The State Controller shall, as the 4th priority after the  
25 transfers to the State Contingent Account pursuant to section 1507, the transfers to the  
26 Loan Insurance Reserve pursuant to section 1511 and the transfers pursuant to section  
27 1522 at the close of each fiscal year, transfer from the unappropriated surplus of the  
28 General Fund an amount equal to the amount available from the unappropriated surplus  
29 after all required deductions of appropriations, budgeted financial commitments and  
30 adjustments considered necessary by the State Controller have been made as follows:

31 A. ~~Thirty five~~ Twenty-one percent to the stabilization fund;

32 B. ~~Twenty~~ Twelve percent to the Retirement Allowance Fund established in section  
33 17251;

34 C. ~~Twenty~~ Twelve percent to the Reserve for General Fund Operating Capital;

35 D. ~~Fifteen~~ Nine percent to the Retiree Health Insurance Internal Service Fund  
36 established in section 1519 to be used solely for the purpose of amortizing the  
37 unfunded actuarial liability associated with future health benefits; ~~and~~

38 E. ~~Ten~~ Six percent to the Capital Construction and Improvements Reserve Fund  
39 established in section 1516-A; ~~and~~

40 F. Forty percent to the Tax Relief Fund for Maine Residents established in section  
41 1518-A.

