1	L.D. 7
2	Date: (Filing No. H- )
3	TAXATION
4	Reproduced and distributed under the direction of the Clerk of the House.
5	STATE OF MAINE
6	HOUSE OF REPRESENTATIVES
7	131ST LEGISLATURE
8	FIRST SPECIAL SESSION
9 10 11	COMMITTEE AMENDMENT "" to H.P. 11, L.D. 7, "An Act to Update References to the United States Internal Revenue Code of 1986 Contained in the Maine Revised Statutes"
12	Amend the bill by striking out the title and substituting the following:
13 14 15	'An Act to Update References to the United States Internal Revenue Code of 1986 Contained in the Maine Revised Statutes and Change the Standard Deduction and References in the Dependent Exemption Tax Credit'
16	Amend the bill by inserting after section 1 the following:
17 18	'Sec. 2. 36 MRSA §5124-A, as amended by PL 2015, c. 267, Pt. DD, §13 and affected by §34, is repealed.
19 20	<b>Sec. 3. 36 MRSA §5124-C, sub-§1-A,</b> as enacted by PL 2019, c. 616, Pt. X, §3, is amended to read:
21 22 23 24	<b>1-A. Amount; on or after <u>before</u> January 1, <del>2020</del> <u>2026</u>. For tax years beginning on or after January 1, 2020 <u>and before January 1, 2026</u>, the standard deduction of a resident individual is equal to the federal standard deduction, subject to the phase-out under subsection 2.</b>
25	Sec. 4. 36 MRSA §5124-C, sub-§1-B is enacted to read:
26 27 28 29	<b><u>1-B.</u></b> Amount; on or after January 1, 2026. For tax years beginning on or after January 1, 2026, the standard deduction of a resident individual is equal to the sum of the basic standard deduction and the additional standard deduction, subject to the phase-out under subsection 2.
30	A. The basic standard deduction is:
31	(1) For single individuals and married persons filing separate returns, \$12,000;
32 33	(2) For individuals filing as heads of households, the amount allowed under subparagraph (1) multiplied by 1.5; and

Page 1 - 131LR0122(02)

(3) For individuals filing married joint returns or surviving spouses, the amount 1 2 allowed under subparagraph (1) multiplied by 2. 3 B. The additional standard deduction is the amount allowed under the Code, Section 4 63(c)(3). 5 Sec. 5. 36 MRSA §5219-SS, as enacted by PL 2017, c. 474, Pt. B, §17, is amended 6 to read: 7 §5219-SS. Dependent exemption tax credit 8 1. Resident taxpayer; tax years beginning before 2026. A For tax years beginning on or after January 1, 2018 and before January 1, 2026, a resident individual is allowed a 9 10 credit against the tax otherwise due under this Part equal to \$300 for each qualifying child and dependent of the taxpayer for whom the federal child tax credit pursuant to the Code, 11 12 Section 24 was claimed for the same taxable year. 13 1-A. Resident taxpayer; tax years beginning 2026 or after. For tax years beginning 14 on or after January 1, 2026, a resident individual is allowed a credit against the tax otherwise due under this Part equal to \$300 for each dependent of the taxpayer for whom 15 the federal personal exemption pursuant to the Code, Section 151 was claimed in an amount 16 greater than \$0 for the same taxable year. 17 18 2. Nonresident taxpayer; tax years beginning before 2026. A For tax years beginning on or after January 1, 2018 and before January 1, 2026, a nonresident individual 19 20 is allowed a credit against the tax otherwise due under this Part equal to \$300 for each qualifying child and dependent of the taxpayer for whom the federal child tax credit 21 pursuant to the Code. Section 24 was claimed for the same taxable year, multiplied by the 22 ratio of the individual's Maine adjusted gross income, as defined in section 5102, subsection 23 24 1-C, paragraph B, to the individual's entire federal adjusted gross income as modified by section 5122. 25 2-A. Nonresident taxpayer; tax years beginning 2026 or after. For tax years 26 27 beginning on or after January 1, 2026, a nonresident individual is allowed a credit against the tax otherwise due under this Part equal to \$300 for each dependent of the taxpayer for 28 whom the federal personal exemption pursuant to the Code, Section 151 was claimed in an 29 amount greater than \$0 for the same taxable year, multiplied by the ratio of the individual's 30 31 Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph B, to the individual's entire federal adjusted gross income as modified by section 5122. 32 33 3. Part-year resident taxpayer; tax years beginning before 2026. An For tax years beginning on or after January 1, 2018 and before January 1, 2026, an individual who files 34 a return as a part-year resident in accordance with section 5224-A is allowed a credit against 35 the tax otherwise due under this Part equal to \$300 for each qualifying child and dependent 36 37 of the taxpayer for whom the federal child tax credit pursuant to the Code, Section 24 was 38 claimed for the same taxable year, multiplied by a fraction, the numerator of which is the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C, 39 40 paragraph A, for that portion of the taxable year during which the individual was a resident 41 plus the individual's Maine adjusted gross income, as defined in section 5102, subsection 42 1-C, paragraph B, for that portion of the taxable year during which the individual was a 43 nonresident and the denominator of which is the individual's entire federal adjusted gross 44 income as modified by section 5122.

Page 2 - 131LR0122(02)

3-A. Part-year resident taxpayer; tax years beginning 2026 or after. For tax years 1 beginning on or after January 1, 2026, an individual who files a return as a part-year 2 3 resident in accordance with section 5224-A is allowed a credit against the tax otherwise due under this Part equal to \$300 for each dependent of the taxpayer for whom the federal 4 personal exemption pursuant to the Code, Section 151 was claimed in an amount greater 5 6 than \$0 for the same taxable year, multiplied by a fraction, the numerator of which is the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C, 7 8 paragraph A, for that portion of the taxable year during which the individual was a resident 9 plus the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph B, for that portion of the taxable year during which the individual was a 10 nonresident and the denominator of which is the individual's entire federal adjusted gross 11 income as modified by section 5122. 12 13 4. Limitation and phase-out. The credit allowed by this section may not reduce the tax otherwise due under this Part to less than zero. The amount of the credit allowed by 14 this section must be reduced, but not below zero, by \$7.50 for each \$1,000 or fraction 15 16 thereof by which the taxpayer's Maine adjusted gross income exceeds \$400,000 in the case of a joint return and \$200,000 in any other case. 17 Sec. 6. 36 MRSA §5403, sub-§2, as amended by PL 2017, c. 474, Pt. B, §20, is 18 19 repealed and the following enacted in its place: 20 2. Standard deductions. In 2025 and each year thereafter, by the dollar amount 21 contained in section 5124-C, subsection 1-B, paragraph A, subparagraph (1), except that for the purposes of this subsection, notwithstanding section 5402, subsection 1-B, the "cost-22 23 of-living adjustment" is the Chained Consumer Price Index for the 12-month period ending 24 June 30th of the preceding calendar year divided by the Chained Consumer Price Index for 25 the 12-month period ending June 30, 2017;' 26 Amend the bill in section 2 in the first line (page 1, line 16 in L.D.) by striking out the following: "This Act" and inserting the following: 'That section of this Act that amends the 27 28 Maine Revised Statutes, Title 36, section 111, subsection 1-A' 29 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section 30 number to read consecutively. 31 **SUMMARY** 32 This amendment changes the Maine standard deduction, for tax years beginning on or 33 after January 1, 2026, from an amount equal to the federal standard deduction to \$12,000 34 for single filers, \$18,000 for heads of households and \$24,000 for individuals filing married 35 joint returns, subject to an inflation adjustment. This will maintain the Maine standard 36 deduction at current levels for tax years 2026 and later, as opposed to current law, which 37 provides for a reduction in the Maine and federal standard deduction for those tax years. 38 In addition, this amendment changes references in the Maine dependent exemption tax

In addition, this amendment changes references in the Maine dependent exemption tax
credit from the federal child tax credit to the federal personal exemption. This will maintain
the Maine dependent exemption tax credit at current levels for tax years 2026 and later, as

Page 3 - 131LR0122(02)

- opposed to current law, which provides for a reduction in the credit due to the expiration 1 of the referenced federal child tax credit provisions. 2
- FISCAL NOTE REQUIRED 3 4 (See attached)

Page 4 - 131LR0122(02)