

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 Regarding Conformity of Maine Tax Laws
with the United States Internal Revenue Code'**

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 2007, c. 539, Pt. CCC, §1 and affected by §19, 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 ~~February 13, 2008~~February 17, 2009.

PART B

Sec. B-1. 36 MRSA §5122, sub-§1, ¶Z, as enacted by PL 2007, c. 539, Pt. CCC, §4, is amended to read:

Z. For income tax years beginning on or after January 1, 2008, the amount of any qualified state and local tax benefit and any qualified payment excluded from gross income pursuant to the Code, Section 139(b); and

Sec. B-2. 36 MRSA §5122, sub-§1, ¶AA, as enacted by PL 2007, c. 539, Pt. CCC, §5, is amended to read:

AA. For taxable years beginning on or after January 1, 2008 ~~but prior to January 1, 2010~~, an amount equal to the net increase in depreciation attributable to the 50% ~~bonus~~ depreciation deduction claimed by the taxpayer pursuant to Section 103 of the Economic Stimulus Act of 2008, Public Law 110-185 ~~with respect to property placed in service during the taxable year under Section 168(k) of the Code arising from amendments to the Code applicable to taxable years beginning on or after January 1, 2008;~~ and

Sec. B-3. 36 MRSA §5122, sub-§2, ¶AA, as corrected by RR 2007, c. 2, §23, is amended to read:

AA. For taxable years beginning on or after January 1, 2009, an amount equal to the net decrease in the depreciation deductions allowable under ~~sections~~Sections 167 and 168 of the Code that would have been applicable to that property had the 50% ~~bonus~~ depreciation deduction under ~~Section 103~~

of the ~~Economic Stimulus Act of 2008, Public Law 110-185~~ Section 168(k) of the Code not been claimed with respect to such property placed in service on or after January 1, 2008 for which an addition was required under subsection 1, paragraph AA in a prior year.

Upon the taxable disposition of property to which this paragraph applies, the amount of any gain or loss includable in federal adjusted gross income must be adjusted for Maine income tax purposes by an amount equal to the difference between the addition modification for such property under subsection 1, paragraph AA and the subtraction modifications allowed pursuant to this paragraph.

The total amount of subtraction claimed for property under this paragraph for all tax years may not exceed the addition modification under subsection 1, paragraph AA for the same property; and

Sec. B-4. 36 MRSA §5200-A, sub-§1, ¶T, as amended by PL 2007, c. 700, Pt. B, §2, is further amended to read:

T. For taxable years beginning on or after January 1, 2008 ~~but prior to January 1, 2010~~, an amount equal to the net increase in depreciation attributable to the ~~50% bonus~~ depreciation deduction claimed by the taxpayer pursuant to ~~Section 103 of the Economic Stimulus Act of 2008, Public Law 110-185~~ with respect to property placed in service during the taxable year under Section 168(k) of the Code arising from amendments to the Code applicable to taxable years beginning on or after January 1, 2008; and

Sec. B-5. 36 MRSA §5200-A, sub-§2, ¶R, as amended by PL 2007, c. 700, Pt. B, §5, is further amended to read:

R. For taxable years beginning on or after January 1, 2009, an amount equal to the net decrease in the depreciation deductions allowable under ~~sections~~ Sections 167 and 168 of the Code that would have been applicable to that property had the ~~50% bonus~~ depreciation deduction under ~~Section 103 of the Economic Stimulus Act of 2008, Public Law 110-185~~ Section 168(k) of the Code not been claimed with respect to such property placed in service on or after January 1, 2008 for which an addition was required under subsection 1, paragraph T in a prior year.

Upon the taxable disposition of property to which this paragraph applies, the amount of any gain or loss includable in federal adjusted gross income must be adjusted for Maine income tax purposes by an amount equal to the difference between the addition modification for such property under subsection 1, paragraph T and the subtraction modifications allowed pursuant to this paragraph.

The total amount of subtraction claimed for property under this paragraph for all tax years may not exceed the addition modification under subsection 1, paragraph T for the same property; and

PART C

Sec. C-1. 36 MRSA §5122, sub-§1, ¶BB is enacted to read:

BB. For tax years beginning on or after January 1, 2009 but before January 1, 2011, an amount equal to the gross income during the taxable year from the discharge of indebtedness deferred under Section 108(i) of the Code.

Sec. C-2. 36 MRSA §5122, sub-§2, ¶BB, as reallocated by RR 2007, c. 2, §24, is amended to read:

BB. The amount of pension benefits to the extent included in federal adjusted gross income under a military retirement plan as defined in paragraph M that exceed the amount of military retirement plan pension benefits deducted under paragraph M and that are received by a person who practices as a licensed dentist in this State for an average of at least 20 hours per week during the tax year and who accepts patients who receive benefits under the MaineCare program administered under Title 22, chapter 855-; and

Sec. C-3. 36 MRSA §5122, sub-§2, ¶CC is enacted to read:

CC. An amount equal to the gross income from the discharge of indebtedness previously deferred under Section 108(i) of the Code and included in federal adjusted gross income. The total subtraction for all years under this paragraph may not exceed the amount of the addition modification under subsection 1, paragraph BB for the same indebtedness.

Sec. C-4. 36 MRSA §5200-A, sub-§1, ¶U, as enacted by PL 2007, c. 700, Pt. B, §3, is amended to read:

U. For tax years beginning in 2008, 10% of the absolute value in excess of \$100,000 of any net operating loss that, pursuant to the Code, Section 172, is being carried over for federal income tax purposes to the taxable year by the taxpayer-; and

Sec. C-5. 36 MRSA §5200-A, sub-§1, ¶V is enacted to read:

V. For tax years beginning on or after January 1, 2009 but before January 1, 2011, an amount equal to the gross income during the taxable year from the discharge of indebtedness deferred under Section 108(i) of the Code.

Sec. C-6. 36 MRSA §5200-A, sub-§2, ¶S, as enacted by PL 2007, c. 700, Pt. B, §6, is amended to read:

S. An amount equal to the value of any prior year addition modification under subsection 1, paragraph U, but only to the extent that:

- (1) Maine taxable income is not reduced below zero;
- (2) The taxable year is within the allowable federal period for carryover of the net operating loss plus one year; and
- (3) The amount has not been previously used as a modification pursuant to this subsection-; and

Sec. C-7. 36 MRSA §5200-A, sub-§2, ¶T is enacted to read:

T. An amount equal to the gross income from the discharge of indebtedness previously deferred under Section 108(i) of the Code and included in federal taxable income. The total subtraction for all years under this paragraph may not exceed the amount of the addition modification under subsection 1, paragraph V for the same indebtedness.

PART D

Sec. D-1. 36 MRSA §5124-A, first ¶, as amended by PL 2005, c. 12, Pt. P, §5, is further amended to read:

The standard deduction of a resident individual is equal to the standard deduction as determined in accordance with the Code, Section 63, exclusive of the Code, Section 63(c)(1)(C) and Section 63(c)(1)(E), except that for tax years beginning after 2002, the Code, Section 63(c)(2) must be applied as if the basic standard deduction is \$5,000 in the case of a joint return and a surviving spouse and \$2,500 in the case of a married individual filing a separate return.

PART E

Sec. E-1. Application. This Act applies to tax years beginning on or after January 1, 2008 unless otherwise indicated and to any prior years as specifically provided by the United States Internal Revenue Code.'

SUMMARY

This amendment strikes the bill and does the following.

Part A updates references to the United States Internal Revenue Code contained in the Maine Revised Statutes, Title 36 to the United States Internal Revenue Code as amended through February 17, 2009, for tax years beginning on or after January 1, 2008 and for any prior years as specifically provided by the United States Internal Revenue Code. The amendment primarily affects Maine's income tax and estate tax laws.

Part B extends nonconformity with federal bonus depreciation provisions applicable to property placed in service after 2008, including the bonus depreciation provisions recently enacted in the federal American Recovery and Reinvestment Act of 2009.

Part C decouples from the deferral of recognition of income from discharge of certain business indebtedness as enacted by the federal American Recovery and Reinvestment Act of 2009.

Part D decouples the Maine individual income tax standard deduction amounts from the federal additional standard deduction amounts for real estate property taxes paid on personal residences and state sales and excise taxes paid on the purchase of certain motor vehicles. The additional federal standard deduction amount for real estate property taxes generally applies to tax years beginning in 2008 and 2009.

The additional federal standard deduction amount for state sales and excise taxes generally applies to tax years beginning in 2009.