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LD 2644

An Act To Encourage Charitable Contributions to Nonprofit Organizations

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 36 MRSA §5125, sub-§4, as enacted by PL 2013, c. 368, Pt. TT, §11 and affected by §20, is amended to read:

4. Limitation. The total itemized deductions from Maine adjusted gross income claimed on a return may not exceed \$27,500, not including contributions made to a nonprofit organization that is exempt from taxation under Section 501(c)(3) of the Code.

Sec. 2. Retroactivity. This Act applies retroactively to tax years beginning on or after January 1, 2013.

SUMMARY

Under current income tax law, there is a cap of \$27,500 on the total itemized deductions, including those for charitable donations, that a taxpayer may claim in order to reduce Maine adjusted gross income.

This bill removes from the cap donations made to a nonprofit organization and applies the change retroactively to tax years beginning on or after January 1, 2013.

Suggested Alternative Draft

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 36 MRSA §5125, sub-§4, as enacted by PL 2013, c. 368, Pt. TT, §11 and affected by §20, is amended to read:

4. Limitation. The total itemized deductions from Maine adjusted gross income claimed on a return may not exceed ~~\$27,500~~ \$20,000, not including the medical and dental expense deduction and not including gifts to a Maine nonprofit organization that is exempt from taxation under Section 501(c)(3) of the Code.

Sec. 2. Application. This Act applies to tax years beginning on or after January 1, 2014.

SUMMARY

Under an income tax law passed in the spring of 2013, there is a cap of \$27,500 on the total itemized deductions, including those for charitable donations, that a taxpayer may claim to reduce Maine adjusted gross income.

This bill removes from the cap the medical expense deduction and gifts made to a Maine nonprofit organization. It applies the change to tax years beginning on or after January 1, 2014.

-- See the reverse side to understand the reasons for an alternative draft. --