

# MAINE STATE LEGISLATURE

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ROFS

L.D. 671

Date:

5/27/25 Minority

(Filing No. H-299)

**TAXATION**

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**STATE OF MAINE**

**HOUSE OF REPRESENTATIVES**

**132ND LEGISLATURE**

**FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT "A" to H.P. 439, L.D. 671, "An Act to Abolish the Maine Income Tax and Establish a Zero-based Budget"

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

**'An Act to Abolish the Maine Individual Income Tax and Establish a Zero-based Budget'**

Amend the bill in Part A in section 1 in c. 843 in the 2nd line (page 1, line 5 in L.D.) by striking out the following: "**INCOME TAX ELIMINATION**" and inserting the following: "**INDIVIDUAL INCOME TAX ELIMINATION**"

Amend the bill in Part A in section 1 in c. 843 in §5501 in the first line (page 1, line 6 in L.D.) by inserting after the following: "**of**" the following: "**individual**"

Amend the bill in Part A in section 1 in c. 843 in §5501 in the first indented paragraph in the first line (page 1, line 7 in L.D.) by striking out the following: "**no tax may be**" and inserting the following: "**individual income tax may not be**"

Amend the bill in Part A in section 1 in c. 843 by inserting after §5501 the following:

**§5502. Individual income tax filing requirements**

For tax years beginning on or after January 1, 2026, an individual taxpayer with no tax liability that requires the filing of a Maine income tax return is not required to file a return with the State.

**§5503. Individual income tax credits**

For tax years beginning on or after January 1, 2026, tax credits may not be collected by individual taxpayers under this Part. Maine income tax credits made available to individual taxpayers under any other Part and collectible under this Part may not be claimed.'

Amend the bill in Part B by inserting after section 2 the following:

**'Sec. B-3. Appropriations and allocations.** The following appropriations and allocations are made.

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**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF  
Revenue Services, Bureau of 0002**

Initiative: Provides one-time funding for computer programming required to accommodate changes to the individual income tax to disallow carry-forwards of overpayments to tax years after 2025, to enable the system to issue refunds of payments when there are no returns filed for tax years beginning after 2025 and to perform related systems testing.

GENERAL FUND	2025-26	2026-27
All Other	\$120,700	\$0
GENERAL FUND TOTAL	\$120,700	\$0

Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

**SUMMARY**

This amendment updates the date on which the review and report of the Department of Administrative and Financial Services required by the bill on the provisions of the law that refer to Maine income tax are due. The amendment exempts taxpayers without reportable tax liability from filing a Maine income tax return and eliminates individual Maine income tax credits. The amendment also adds an appropriations and allocations section.

**FISCAL NOTE REQUIRED**  
(See attached)

**132nd MAINE LEGISLATURE****LD 671****LR 2037(02)****An Act to Abolish the Maine Income Tax and Establish a Zero-based Budget****Fiscal Note for Bill as Amended by Committee Amendment "A" (H-299)****Committee: Taxation****Fiscal Note Required: Yes**

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**Fiscal Note**

	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>Projections FY 2027-28</b>	<b>Projections FY 2028-29</b>
<b>Net Cost (Savings)</b>				
General Fund	\$1,435,954,700	\$2,643,204,000	\$2,714,095,000	\$2,868,594,000
<b>Appropriations/Allocations</b>				
General Fund	\$120,700	\$0	\$0	\$0
<b>Revenue</b>				
General Fund	(\$1,435,834,000)	(\$2,643,204,000)	(\$2,714,095,000)	(\$2,868,594,000)
Other Special Revenue Funds	(\$59,356,000)	(\$142,326,000)	(\$142,215,000)	(\$150,216,000)

**Correctional and Judicial Impact Statements**

This bill may decrease the number of civil suits filed in the court system. The Judicial Branch may realize some minor reduction of workload and administrative costs associated with the minimal number of cases that will no longer be filed. Collection of filing fees will decrease General Fund revenue by minor amounts.

**Fiscal Detail and Notes**

This bill includes a revenue decrease to the Bureau of Revenue Services within the Department of Administrative and Financial Services of \$1,435,834,000 in fiscal year 2025-26 and \$2,643,204,000 in fiscal year 2026-27 by eliminating the Maine individual income tax beginning January 1, 2026. The bill will also reduce Local Government Fund revenue by \$59,356,000 in fiscal year 2025-26 and \$142,326,000 in fiscal year 2026-27.

The bill also includes a one-time appropriation to the Bureau of Revenue Services within the Department of Administrative and Financial Services of \$120,700 in fiscal year 2025-26 to fund computer programming required to accommodate changes to the Maine individual income tax and to perform systems testing.

The additional costs to the executive, legislative and judicial branches of state government to meet the bills requirements to prepare and submit budget documents using a budget process that includes zero-based budgeting for each department and agency at least once every eight years are expected to be significant but cannot be determined at this time.