

# MAINE STATE LEGISLATURE

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Date: 6/10/25 Minority (Filing No. H-622)

TAXATION

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
132ND LEGISLATURE  
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to H.P. 542, L.D. 856, "An Act to Phase Out the Income Tax"

Amend the bill by striking out all of section 5 and inserting the following:

'Sec. 5. 36 MRSA §5111, sub-§8 is enacted to read:

8. Income tax eliminated. Beginning January 1, 2030, the imposition of taxes pursuant to this section is prohibited. A return is not required for a taxpayer whose income tax liability has been eliminated under this section.

Sec. 6. 36 MRSA §5111, sub-§9 is enacted to read:

9. Fiduciary income tax. This section may not be construed to eliminate the imposition of income tax on a fiduciary.

Sec. 7. 36 MRSA §5111, sub-§10 is enacted to read:

10. Refundable tax credit schedule. Refundable tax credits due to a taxpayer eligible for reduced income tax liability under this section must be reduced in value on the same schedule that tax liability is reduced pursuant to subsection 7.'

Amend the bill in section 6 in subsection 1-A in the first line (page 2, line 8 in L.D.) by striking out the following: "2017" and inserting the following: "2018"

Amend the bill in section 7 in subsection 7 in the first 2 lines (page 2, lines 33 and 34 in L.D.) by striking out the following: "and ending before January 1, 2030"

Amend the bill by striking out all of section 8 and inserting the following:

'Sec. 8. 36 MRSA §5200, sub-§8 is enacted to read:

8. Income tax eliminated. Beginning on or after January 1, 2030, no taxes are imposed under this section. A return is not required for a taxpayer whose income tax liability has been eliminated under this section.

Sec. 9. 36 MRSA §5200, sub-§9 is enacted to read:





Approved: 05/30/25 **LRL**

# 132nd MAINE LEGISLATURE

LD 856

LR 1636(02)

## An Act to Phase Out the Income Tax

Fiscal Note for Bill as Amended by Committee Amendment "A" (H-622)

Committee: Taxation

Fiscal Note Required: Yes

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### Fiscal Note

	FY 2025-26	FY 2026-27	Projections FY 2027-28	Projections FY 2028-29
<b>Net Cost (Savings)</b>				
General Fund	\$218,291,000	\$798,836,000	\$1,436,713,500	\$2,127,781,500
<b>Revenue</b>				
General Fund	(\$218,291,000)	(\$798,836,000)	(\$1,436,713,500)	(\$2,127,781,500)
Other Special Revenue Funds	(\$11,489,000)	(\$42,044,000)	(\$75,616,500)	(\$111,988,500)

### Fiscal Detail and Notes

This bill includes a revenue decrease to the General Fund of \$218,291,000 in fiscal year 2025-26 and \$798,836,000 in fiscal year 2026-27 by phasing out the Maine income tax, excluding fiduciary income tax, over 5 years beginning in 2026 and requires that state department budgets be reduced proportionately. The bill also includes a revenue decrease to the Local Government Fund of \$11,489,000 in fiscal year 2025-26 and \$42,044,000 in fiscal year 2026-27. There are additional administrative and fiscal impacts of this bill that cannot be determined at this time.