

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2025

Legislative Document

No. 856

H.P. 542

House of Representatives, March 4, 2025

An Act to Phase Out the Income Tax

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative BOYER of Poland.
Cosponsored by Representatives: CHAPMAN of Auburn, DUCHARME of Madison,
FAULKINGHAM of Winter Harbor, FLYNN of Albion, FREDETTE of Newport,
WADSWORTH of Hiram, Senators: BERNARD of Aroostook, TIMBERLAKE of
Androscoggin.

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

2 **Sec. 1. 36 MRSA §5111, sub-§1-F**, as enacted by PL 2015, c. 267, Pt. DD, §3, is
3 amended to read:

4 **1-F. Single individuals and married persons filing separate returns; tax years**
5 **beginning 2017 from 2017 to 2029.** For tax years beginning on or after January 1, 2017
6 **but not later than December 31, 2029,** for single individuals and married persons filing
7 separate returns:

8 If Maine taxable income is:	The tax is:
9 Less than \$21,050	5.8% of the Maine taxable income
10 At least \$21,050 but less than \$50,000	\$1,221 plus 6.75% of the excess over
11	\$21,050
12 \$50,000 or more	\$3,175 plus 7.15% of the excess over
13	\$50,000

14 **Sec. 2. 36 MRSA §5111, sub-§2-F**, as enacted by PL 2015, c. 267, Pt. DD, §5, is
15 amended to read:

16 **2-F. Heads of households; tax years ~~beginning 2017~~ from 2017 to 2029.** For tax
17 years beginning on or after January 1, 2017 **but not later than December 31, 2029,** for
18 unmarried individuals or legally separated individuals who qualify as heads of households:

19 If Maine taxable income is:	The tax is:
20 Less than \$31,550	5.8% of the Maine taxable income
21 At least \$31,550 but less than \$75,000	\$1,830 plus 6.75% of the excess over
22	\$31,550
23 \$75,000 or more	\$4,763 plus 7.15% of the excess over
24	\$75,000

25 **Sec. 3. 36 MRSA §5111, sub-§3-F**, as enacted by PL 2015, c. 267, Pt. DD, §7, is
26 amended to read:

27 **3-F. Individuals filing married joint returns or surviving spouses; tax years**
28 **beginning 2017 from 2017 to 2029.** For tax years beginning on or after January 1, 2017
29 **but not later than December 31, 2029,** for individuals filing married joint returns or
30 surviving spouses permitted to file a joint return:

31 If Maine taxable income is:	The tax is:
32 Less than \$42,100	5.8% of the Maine taxable income
33 At least \$42,100 but less than \$100,000	\$2,442 plus 6.75% of the excess over
34	\$42,100
35 \$100,000 or more	\$6,350 plus 7.15% of the excess over
36	\$100,000

37 **Sec. 4. 36 MRSA §5111, sub-§7** is enacted to read:

38 **7. Phase-out.** For tax years beginning on or after January 1, 2026, for each taxpayer
39 filing an income tax return under this chapter, the amount of tax calculated under subsection
40 1-F, 2-F or 3-F, as adjusted under section 5403, is reduced as follows.

41 A. For a tax year beginning in 2026, the amount of tax calculated is multiplied by 80%.

42 B. For a tax year beginning in 2027, the amount of tax calculated is multiplied by 60%.

1 C. For a tax year beginning in 2028, the amount of tax calculated is multiplied by 40%.

2 D. For a tax year beginning in 2029, the amount of tax calculated is multiplied by 20%.

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

4 **8. Income tax eliminated.** Beginning January 1, 2030, no taxes are imposed under
5 this section.

6 **Sec. 6. 36 MRSA §5200, sub-§1-A**, as enacted by PL 2017, c. 474, Pt. E, §2, is
7 amended to read:

8 **1-A. Imposition and rate of tax ~~beginning 2018~~ from 2017 to 2029.** For tax years
9 beginning on or after January 1, 2018 but not later than December 31, 2029, a tax is
10 imposed for each taxable year at the following rates on each taxable corporation and on
11 each group of corporations that derives income from a unitary business carried on by 2 or
12 more members of an affiliated group:

13	If the income is:	The tax is:
14	Not over \$350,000	3.5% of the income
15	\$350,000 but not over \$1,050,000	\$12,250 plus 7.93% of the excess over
16		\$350,000
17	\$1,050,000 but not over \$3,500,000	\$67,760 plus 8.33% of the excess over
18		\$1,050,000
19	\$3,500,000 or more	\$271,845 plus 8.93% of the excess
20		over \$3,500,000

21 In the case of an affiliated group of corporations engaged in a unitary business with activity
22 taxable only by Maine, the rates provided in this subsection are applied only to the first
23 \$3,500,000 of the Maine net income of the entire group and must be apportioned equally
24 among the taxable corporations unless those taxable corporations jointly elect a different
25 apportionment. The balance of the Maine net income of the entire group is taxed at 8.93%.

26 In the case of an affiliated group of corporations engaged in a unitary business with activity
27 taxable both within and without this State, the rates provided in this subsection are applied
28 only to the first \$3,500,000 of the net income of the entire group and must be apportioned
29 equally among the taxable corporations unless those taxable corporations jointly elect a
30 different apportionment. The balance of the net income of the entire group is taxed at
31 8.93%.

32 **Sec. 7. 36 MRSA §5200, sub-§7** is enacted to read:

33 **7. Phase-out.** For tax years beginning on or after January 1, 2026 and ending before
34 January 1, 2030, for each taxpayer filing an income tax return under this chapter, the
35 amount of tax calculated under subsection 1-A is reduced as follows.

36 A. For a tax year beginning in 2026, the amount of tax calculated is multiplied by 80%.

37 B. For a tax year beginning in 2027, the amount of tax calculated is multiplied by 60%.

38 C. For a tax year beginning in 2028, the amount of tax calculated is multiplied by 40%.

39 D. For a tax year beginning in 2029, the amount of tax calculated is multiplied by 20%.

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

