

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 865

H.P. 665

House of Representatives, February 15, 2001

An Act to Reduce the Personal Income Tax.

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland

MILLICENT M. MacFARLAND, Clerk

Presented by Representative GOOLEY of Farmington.
Cosponsored by Senator MITCHELL of Penobscot and
Representatives: BUCK of Yarmouth, CRESSEY of Baldwin, GOODWIN of Pembroke,
KASPRZAK of Newport, MURPHY of Kennebunk, WATERHOUSE of Bridgton, Senators:
DAVIS of Piscataquis, KNEELAND of Aroostook.

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

4 **Sec. 1. 36 MRSA §5111-C is enacted to read:**

6 **§5111-C. Income tax rate adjustment**

8 **1. Definitions.** As used in this section, unless the
context otherwise indicates, the following terms have the
following meanings.

10 **A. "Revenue projection" means the projection of General**
Fund revenue for the current fiscal year made by the Revenue
Forecasting Committee, as established in Title 5, section
1710-E, for purposes of its December 1st report.

16 **2. Determination by State Budget Officer.** On September 1st
annually, the State Budget Officer shall determine the amount, if
any, by which General Fund revenue for the previous fiscal year
exceeded the revenue projection for that year.

20 **3. Adjustment to rates.** If the State Budget Officer
determines under subsection 2 that General Fund revenue for the
previous fiscal year exceeded the revenue projection for that
year by more than 5%, the State Tax Assessor shall reduce the tax
rates specified in section 5111 by the same proportion that the
General Fund revenue for the fiscal year exceeds 105% of the
revenue projection. The rates determined under this subsection
apply to tax years beginning in the calendar year in which the
adjustment is made.

32 **SUMMARY**

34 **This bill proposes to reduce income tax rates if General**
Fund revenues for the previous fiscal year exceeded the December
36 1st projections for that fiscal year by more than 5%. Income tax
rates would be reduced by the proportion by which General Fund
38 revenues exceeded 105% of revenue projections.