



## **122nd MAINE LEGISLATURE**

## FIRST REGULAR SESSION-2005

**Legislative Document** 

No. 1032

H.P. 717

House of Representatives, March 1, 2005

## **RESOLUTION, Proposing an Amendment to the Constitution of** Maine To Lower the Income Tax

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. Mac Jailand

MILLICENT M. MacFARLAND Clerk

Presented by Representative VAUGHAN of Durham. Cosponsored by Representatives: CROSTHWAITE of Ellsworth, JOY of Crystal, MILLETT of Waterford, Senators: NASS of York, ROSEN of Hancock.

2	<b>Constitutional amendment. Resolved:</b> Two thirds of each branch of the Legislature concurring, that the following amendment to the Constitution of Maine be proposed:
4	Constitution, Art. IX, §24 is enacted to read:
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8	Section 24. Income tax rate reduction. Taxes on personal income in this State may not exceed the following.
10	<ol> <li>Maximum rates. Maximum income tax rates on individuals may not exceed the following amounts.</li> </ol>
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14	A. For income tax years beginning in 2006, the maximum rate of tax is $7.5^{\circ}$ .
16	B. For income tax years beginning in 2007, the maximum rate of tax is 6.5%.
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20	C. For income tax years beginning in 2008, the maximum rate of tax is $5.5^{\circ}$ .
22	D. For income tax years beginning in 2009, the maximum rate of tax is 4.5%.
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26	E. For income tax years beginning in 2010, the maximum rate of tax is 3.5%.
28	2. Exemption amounts. In addition to any other exemptions and deductions permitted by law, individuals filing married joint
30	income tax returns are entitled to the following exemptions. Persons filing as single taxpayers are entitled to exemptions
32	equal to 50% of the following amounts. Persons filing as heads of household are entitled to exemptions equal to 75% of the
34	following amounts.
36	A. For income tax years beginning in 2006, the exemption amount is \$4,000.
38	B. For income tax years beginning in 2007, the exemption
40	amount is \$8,000.
42	C. For income tax years beginning in 2008, the exemption amount is \$12,000.
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46	D. For income tax years beginning in 2009, the exemption amount is \$16,000.
48	E. For income tax years beginning in 2010, the exemption amount is \$20,000.
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3. Implementation. The Legislature shall enact legislation to implement this section.

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Constitutional referendum procedure; form of question; effective date. Resolved: That the municipal officers of this State shall notify the inhabitants of their respective cities, towns and plantations to meet, in the manner prescribed by law for holding a statewide election, at a statewide election, on the Tuesday following the first Monday of November following the passage of this resolution, to vote upon the ratification of the amendment proposed in this resolution by voting upon the following question:

16 "Do you favor amending the Constitution of Maine to reduce the maximum individual income tax rate to 3.5% over 5 years 18 and provide an income tax exemption of up to \$20,000 over 5 years?"

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The legal voters of each city, town and plantation shall 22 vote by ballot on this question and designate their choice by a cross or check mark placed within the corresponding square below the word "Yes" or "No." The ballots must be received, sorted, 24 counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as 26 votes for members of the Legislature. The Governor shall review the returns and, if it appears that a majority of the legal votes 28 are cast in favor of the amendment, the Governor shall proclaim that fact without delay and the amendment becomes part of the 30 Constitution of Maine on the date of the proclamation; and be it 32 further

Secretary of State shall prepare ballots. Resolved: That the Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this resolution necessary to carry out the purposes of this referendum.

## SUMMARY

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This constitutional resolution establishes a timetable for phasing in a reduction in the maximum individual income tax rate to 3.5% over 5 years. It also phases in an income tax exemption of up to \$20,000 over that same time period.