# MAINE STATE LEGISLATURE

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## 123rd MAINE LEGISLATURE

### FIRST REGULAR SESSION-2007

Legislative Document

No. 881

S.P. 274

February 27, 2007

An Act To Create a Tax Break for Families That Make Less Than \$25,000 Annually

Reference to the Committee on Taxation suggested and ordered printed.

JOY J. O'BRIEN Secretary of the Senate

Presented by Senator SNOWE-MELLO of Androscoggin.

Cosponsored by Senators: DOW of Lincoln, NASS of York, PLOWMAN of Penobscot.

#### Be it enacted by the People of the State of Maine as follows: 1 2 Sec. 1. 36 MRSA §5111, sub-§1-B, as enacted by PL 1999, c. 731, Pt. T, §3, is 3 amended to read: 4 1-B. Single individuals and married persons filing separate returns; tax years 2002 to 2006. For tax years beginning on or after January 1, 2002 but before January 1, 5 2007, for single individuals and married persons filing separate returns: 6 7 If Maine Taxable income is: The tax is: 8 Less than \$4,200 2% of the Maine taxable income 9 At least \$4,200 but less than \$8,350 \$84 plus 4.5% of the excess over \$4,200 10 \$271 plus 7% of the excess over \$8,350 At least \$8,350 but less than \$16,700 11 \$16,700 or more \$856 plus 8.5% of the excess over 12 \$16,700 13 Sec. 2. 36 MRSA §5111, sub-§1-C is enacted to read: 14 1-C. Single individuals and married persons filing separate returns; tax years beginning 2007. For tax years beginning on or after January 1, 2007, for single 15 individuals and married persons filing separate returns: 16 17 If Maine Taxable income is: The tax is: 18 Less than \$10,800 2% of the Maine taxable income 19 \$204 plus 4.5% of the excess over At least \$10,800 but less than \$15,500 20 \$10,800 21 \$443 plus 7% of the excess over \$15,500 At least \$15,500 but less than \$25,000 22 \$25,000 or more \$1,108 plus 8.5% of the excess over 23 \$25,000 Sec. 3. 36 MRSA §5111, sub-§2-B, as enacted by PL 1999, c. 731, Pt. T, §5, is 24 amended to read: 25 26 2-B. Heads of households; tax years 2002 to 2006. For tax years beginning on or after January 1, 2002 but before January 1, 2007, for unmarried individuals or legally 27 separated individuals who qualify as heads of households: 28 29 If Maine Taxable income is: The tax is: 30 Less than \$6,300 2% of the Maine taxable income

35 **Sec. 4. 36 MRSA §5111, sub-§2-C** is enacted to read:

At least \$6,300 but less than \$12,500

At least \$12,500 but less than \$25,050

\$25,050 or more

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\$25,050

\$126 plus 4.5% of the excess over \$6,300

\$405 plus 7% of the excess over \$12,500

\$1.284 plus 8.5% of the excess over

1	2-C. Heads of households; tax years beginning 2007. For tax years beginning on		
2 3	or after January 1, 2007, for unmarried in qualify as heads of households:	dividuals or legally separated individuals who	
4	If Maine Taxable income is:	The tax is:	
5	Less than \$13,200	2% of the Maine taxable income	
6	At least \$13,200 but less than \$20,250	\$264 plus 4.5% of the excess over	
7		\$13,200	
8	At least \$20,250 but less than \$34,500	\$581 plus 7% of the excess over \$20,250	
9	\$34,500 or more	\$1,579 plus 8.5% of the excess over	
10		<u>\$34,500</u>	
11	Sec. 5. 36 MRSA §5111, sub-§3-1	<b>B,</b> as enacted by PL 1999, c. 731, Pt. T, §7, is	
12	amended to read:		
13		return or surviving spouses; tax years 2002	
14 15	to 2006. For tax years beginning on or after January 1, 2002 but before January 1, 2007, for individuals filing married joint returns or surviving spouses permitted to file a joint		
16	return:	or surviving spouses permitted to the a joint	
17	If Maine Taxable income is:	The tax is:	
18	Less than \$8,400	2% of the Maine taxable income	
19	At least \$8,400 but less than \$16,700	\$168 plus 4.5% of the excess over \$8,400	
20	At least \$16,700 but less than \$33,400	\$542 plus 7% of the excess over \$16,700	
21 22	\$33,400 or more	\$1,711 plus 8.5% of the excess over \$33,400	
23 <b>Sec. 6. 36 MRSA §5111, sub-§3-C</b> is enacted to read:			
24 25	3-C. Individuals filing married joint return or surviving spouses; tax years beginning 2007. For tax years beginning on or after January 1, 2007, for individuals		
26	filing married joint returns or surviving spouses permitted to file a joint return:		
27	If Maine Taxable income is:	The tax is:	
28	Less than \$15,500	2% of the Maine taxable income	
29	At least \$15,500 but less than \$25,000	\$310 plus 4.5% of the excess over	
30 31	A4 land \$25,000 had a salar \$44,000	\$15,500 \$738 1 - 70/ - 541	
32	At least \$25,000 but less than \$44,000 \$44,000 or more	\$738 plus 7% of the excess over \$25,000 \$2,068 plus 8.5% of the excess over	
33	\$44,000 of more	\$44,000	
34	Sec. 7. 36 MRSA \$5403, as repealed	ed and replaced by PL 1999, c. 731, Pt. T, §10	
35	and affected by §11, is amended to read:	1 ,	

### §5403. Annual adjustments for inflation

 Beginning in 2002 2008, and each subsequent calendar year thereafter, on or about September 15th, the State Tax Assessor shall multiply the cost-of-living adjustment for taxable years beginning in the succeeding calendar year by the dollar amounts of the tax rate tables specified in section 5111, subsections 1-B, 2-B and 3-B 1-C, 2-C and 3-C. If the dollar amounts of each rate bracket, adjusted by application of the cost-of-living adjustment, are not multiples of \$50, any increase must be rounded to the next lowest multiple of \$50. If the cost-of-living adjustment for any taxable year is 1.000 or less, no adjustment may be made for that taxable year in the dollar bracket amounts of the tax rate tables. The assessor shall incorporate such changes into the income tax forms, instructions and withholding tables for the taxable year.

Sec. 8. Application. This Act applies to tax years beginning on or after January 1, 2007.

14 SUMMARY

This bill increases the income tax rate schedule bracket amounts, beginning with tax year 2007, by \$6,050. The effect of this bill is to increase the amount of taxable income that is taxed at rates below the top rate of 8.5%.