

# MAINE STATE LEGISLATURE

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# 124th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2009

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**Legislative Document**

**No. 1279**

S.P. 460

In Senate, March 31, 2009

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**An Act To Reduce Income Tax to 4.5% and Remove Low-income Families from Taxation**

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Reference to the Committee on Taxation suggested and ordered printed.

Handwritten signature of Joy J. O'Brien in cursive.

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator COURTNEY of York.  
Cosponsored by Representative TARDY of Newport and  
Senators: McCORMICK of Kennebec, NASS of York, RAYE of Washington, ROSEN of  
Hancock, SMITH of Piscataquis, Representatives: BICKFORD of Auburn, EDGECOMB of  
Caribou.

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

2 **Sec. 1. 5 MRSA §1518-A**, as enacted by PL 2005, c. 2, Pt. A, §4 and affected by  
3 §14, is amended to read:

4 **§1518-A. Tax Relief Fund for Maine Residents**

5 **1. Tax Relief Fund for Maine Residents.** There is created the Tax Relief Fund for  
6 Maine Residents, referred to in this section as "the fund," which must be used to provide  
7 tax relief to residents of the State. The fund consists of all resources transferred to the  
8 fund under this section and section 1536 and other resources made available to the fund.

9 **2. Nonlapsing fund.** Any unexpended balance in the ~~Tax Relief Fund for Maine~~  
10 ~~Residents may~~ fund does not lapse but must be is carried forward to be used pursuant to  
11 subsection 1.

12 **3. Transfer from revenue growth.** Beginning with fiscal year 2010-11, at the close  
13 of each fiscal year, the State Controller shall transfer to the fund any revenue received by  
14 the State for the fiscal year being closed that exceeds the amount of revenue received by  
15 the State for the previous fiscal year, adjusted by the growth limitation factor calculated  
16 under section 1534, subsection 2.

17 **4. Income tax reduction.** Amounts contained in the fund must be used to reduce  
18 individuals' income taxes. The State Tax Assessor shall present legislation annually to  
19 reduce the income tax burden pursuant to this section. This legislation must use any  
20 amounts contained in the fund to:

21 A. Reduce individual income tax rates until a top rate of 4.5% is reached; and

22 B. Increase the income threshold below which heads of household and married  
23 couples filing jointly pay no state income tax to \$30,000.

24 **SUMMARY**

25 This bill requires the transfer to the Tax Relief Fund for Maine Residents, beginning  
26 in fiscal year 2010-11, of any growth in revenues over the previous fiscal year adjusted  
27 by the growth limitation factor. Money in the fund is to be used to reduce the overall  
28 individual income tax burden by reducing the tax rates until the top rate is reduced to  
29 4.5% and increasing to \$30,000 the income threshold below which families will not pay  
30 income tax.