

MAINE STATE LEGISLATURE

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125th MAINE LEGISLATURE

FIRST REGULAR SESSION-2011

Legislative Document

No. 849

S.P. 252

In Senate, March 3, 2011

An Act To Provide Tax Relief for Maine's Citizens by Reducing Income Taxes

Reference to the Committee on Taxation suggested and ordered printed.

Joseph G. Carleton Jr.

JOSEPH G. CARLETON, JR.
Secretary of the Senate

Presented by Senator TRAHAN of Lincoln.

Cosponsored by Representative KNIGHT of Livermore Falls and

Senators: COURTNEY of York, SNOWE-MELLO of Androscoggin, Representatives:

BENNETT of Kennebunk, BURNS of Alfred, HARMON of Palermo, KESCHL of Belgrade,

SHAW of Standish, WATERHOUSE of Bridgton.

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

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

4 **1. Tax Relief Fund for Maine Residents.** There is created the Tax Relief Fund for
5 Maine Residents, referred to in this section as "the fund," which must be used to provide
6 tax relief to residents of the State. The fund consists of all resources transferred to the
7 fund under section 1518-B and section 1536 and other resources made available to the
8 fund. The fund must be used in the order of the following.

9 A. As the first priority, amounts in the fund must be used to increase the individual
10 income tax bracket threshold amounts under Title 36, section 5111 until the bracket
11 thresholds are 20% higher than those in effect for tax years beginning in 2011.

12 B. As the 2nd priority, after the increase in bracket thresholds required under
13 paragraph A has been achieved, amounts in the fund must be used to reduce the
14 highest individual income tax rate until it reaches 6.5%.

15 **Sec. 2. 5 MRSA §1518-A, sub-§1-A** is enacted to read:

16 **1-A. Implementation.** By September 15, 2011 and annually thereafter, the State
17 Controller shall inform the State Tax Assessor of the amount available in the fund for the
18 purposes of subsection 1.

19 A. By November 1st annually the State Tax Assessor shall use the amount in the
20 fund identified by the State Controller to calculate new individual income tax bracket
21 thresholds under subsection 1, paragraph A, by proportional increases in each bracket
22 until the thresholds are 20% higher than the bracket thresholds in effect for tax years
23 beginning on or after January 1, 2011.

24 B. After bracket thresholds have reached the amounts required under subsection 1,
25 paragraph A, by November 1st annually, the State Tax Assessor shall calculate the
26 amount by which the highest income tax rate under Title 36, section 5111 may be
27 reduced. Bracket rate reductions must be 0.2% in the first year in which reductions
28 are made and 0.1% in subsequent years. If sufficient funds are not available to pay
29 for the minimum reduction, a rate reduction may not be made until the amount in the
30 fund is sufficient to pay for the reduction. When the 8.5% bracket under Title 36,
31 section 5111 has been reduced to 7%, the 2 highest brackets for all categories under
32 Title 36, section 5111 must be combined into one bracket. Future annual rate
33 reductions must be calculated until the tax rate for the highest bracket is 6.5%.

34 C. The assessor shall provide public notice of new bracket thresholds and rates
35 calculated under this subsection by November 15th annually.

36 D. New bracket thresholds and rates take effect beginning with tax years that begin
37 on or after January 1st of the calendar year following the determinations made under
38 this subsection.

39 **Sec. 3. 5 MRSA §1518-B** is enacted to read:

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