

MAINE STATE LEGISLATURE

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125th MAINE LEGISLATURE

FIRST REGULAR SESSION-2011

Legislative Document

No. 1350

H.P. 991

House of Representatives, March 29, 2011

An Act To Provide Income Tax Relief

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Heather J.R. Priest".

HEATHER J.R. PRIEST
Clerk

Presented by Representative STUCKEY of Portland.
Cosponsored by Senator ALFOND of Cumberland and
Representatives: BERRY of Bowdoinham, BRYANT of Windham, FLEMINGS of Bar
Harbor, GOODE of Bangor, McCABE of Skowhegan, Senators: JACKSON of Aroostook,
PATRICK of Oxford.

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

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**
5 **beginning 2002 to 2012.** For tax years beginning on or after January 1, 2002 and before
6 January 1, 2013, for single individuals and married persons filing separate returns:

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	At least \$8,350 but less than \$16,700	\$271 plus 7% of the excess over \$8,350
11	\$16,700 or more	\$856 plus 8.5% of the excess over \$16,700

12 **Sec. 2. 36 MRSA §5111, sub-§2-B**, as enacted by PL 1999, c. 731, Pt. T, §5, is
13 amended to read:

14 **2-B. Heads of households; tax years beginning 2002 to 2012.** For tax years
15 beginning on or after January 1, 2002 and before January 1, 2013, for unmarried
16 individuals or legally separated individuals who qualify as heads of households:

17	If Maine Taxable income is:	The tax is:
18	Less than \$6,300	2% of the Maine taxable income
19	At least \$6,300 but less than \$12,500	\$126 plus 4.5% of the excess over \$6,300
20	At least \$12,500 but less than \$25,050	\$405 plus 7% of the excess over \$12,500
21	\$25,050 or more	\$1,284 plus 8.5% of the excess over
22		\$25,050

23 **Sec. 3. 36 MRSA §5111, sub-§3-B**, as enacted by PL 1999, c. 731, Pt. T, §7, is
24 amended to read:

25 **3-B. Individuals filing married joint return or surviving spouses; tax years**
26 **beginning 2002 to 2012.** For tax years beginning on or after January 1, 2002 and before
27 January 1, 2013, for individuals filing married joint returns or surviving spouses
28 permitted to file a joint return:

29	If Maine Taxable income is:	The tax is:
30	Less than \$8,400	2% of the Maine taxable income
31	At least \$8,400 but less than \$16,700	\$168 plus 4.5% of the excess over \$8,400
32	At least \$16,700 but less than \$33,400	\$542 plus 7% of the excess over \$16,700
33	\$33,400 or more	\$1,711 plus 8.5% of the excess over
34		\$33,400

35 **Sec. 4. 36 MRSA §5111, sub-§6** is enacted to read:

1 **6. Balancing of tax brackets.** For tax years beginning on or after January 1, 2013,
2 taxes assessed under this section are calculated using income tax bracket thresholds
3 calculated under this subsection.

4 A. By September 1, 2012 and every 5 years thereafter, the assessor shall calculate
5 income tax bracket thresholds for single persons and married persons filing
6 separately, married persons filing jointly and surviving spouses and heads of
7 household that result in the balancing of individual income taxes so that the following
8 percentages of tax filers pay the following top marginal tax rates:

<u>Top marginal tax rate</u>	<u>Percentage of filers</u>
<u>0%</u>	<u>18%</u>
<u>2%</u>	<u>22%</u>
<u>4.5%</u>	<u>22%</u>
<u>7%</u>	<u>17%</u>
<u>8.5%</u>	<u>13%</u>
<u>10%</u>	<u>8%</u>

16 B. The income tax bracket thresholds calculated under paragraph A apply to tax
17 years beginning on or after the January 1st following the determination of the new
18 bracket thresholds.

19 C. The assessor shall submit a report to the joint standing committee of the
20 Legislature having jurisdiction over taxation matters by the September 15th of the
21 year of calculation containing the new income tax bracket thresholds, describing the
22 method used to make the calculation and the bracket threshold amounts and
23 estimating the impact of the new rates on individual income tax revenues.

24 **SUMMARY**

25 This bill reforms the Maine income tax by establishing a rate structure that includes 6
26 income tax bracket thresholds with top marginal tax rates from 0% to 10%. The income
27 thresholds for each rate would be calculated by the State Tax Assessor every 5 years to
28 maintain the same level of progressivity of the tax by maintaining the same percentage of
29 taxpayers in each top marginal rate category.