

MAINE STATE LEGISLATURE

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127th MAINE LEGISLATURE

FIRST REGULAR SESSION-2015

Legislative Document

No. 409

H.P. 275

House of Representatives, February 12, 2015

An Act To Lower the Individual Income Tax Incrementally to Zero

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative O'CONNOR of Berwick.
Cosponsored by Senator BRAKEY of Androscoggin and
Representatives: DUNPHY of Embden, GERRISH of Lebanon, GUERIN of Glenburn,
LOCKMAN of Amherst, LONG of Sherman, SIROCKI of Scarborough, VACHON of
Scarborough, Senator: MASON of Androscoggin.

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

2 **Sec. 1. 36 MRSA §5111, sub-§6** is enacted to read:

3 **6. Incremental reduction.** For tax years beginning on or after January 1, 2016,
4 taxes calculated under subsections 1-D, 2-D or 3-D are reduced by 25%.

5 A. Beginning in 2017, the State Tax Assessor shall determine annually by September
6 15th whether General Fund revenue received in the previous fiscal year exceeds the
7 General Fund revenue received in fiscal year 2014-15. If the State Tax Assessor
8 determines that General Fund revenue received in the preceding fiscal year exceeds
9 the General Fund revenue received in fiscal year 2014-15, the tax due under this
10 section for tax years beginning on or after January 1st of the succeeding calendar year
11 is reduced by 50%.

12 B. Beginning in the year following implementation of a reduction in taxes under
13 paragraph A, the State Tax Assessor shall determine by September 15th whether
14 General Fund revenue received in the previous fiscal year exceeds the General Fund
15 revenue received in the fiscal year preceding the fiscal year in which the reduction
16 under paragraph A first took effect. If the State Tax Assessor determines that
17 General Fund revenue received in the preceding fiscal year exceeds the General Fund
18 revenue received in the fiscal year preceding when the reduction under paragraph A
19 first took effect, the tax due under this section for tax years beginning on or after
20 January 1st of the succeeding calendar year is reduced by 75%.

21 C. Beginning in the year following implementation of a reduction in taxes under
22 paragraph B, the State Tax Assessor shall determine by September 15th whether
23 General Fund revenue received in the previous fiscal year exceeds the General Fund
24 revenue received in the fiscal year preceding the fiscal year in which the reduction
25 under paragraph B first took effect. If the State Tax Assessor determines that General
26 Fund revenue received in the preceding fiscal year exceeds the General Fund revenue
27 received in the fiscal year preceding when the reduction under paragraph B first took
28 effect, the tax due under this section for tax years beginning on or after January 1st of
29 the succeeding calendar year is reduced by 100%.

30 **Sec. 2. Legislation implementing reduction of individual income tax.** By
31 January 1, 2016, the Department of Administrative and Financial Services, Bureau of
32 Revenue Services shall submit to the Joint Standing Committee on Taxation any draft
33 legislation necessary to implement the incremental reduction to the individual income tax
34 as provided in this Act. The committee may report out legislation to implement this Act
35 to the Second Regular Session of the 127th Legislature.

36 **SUMMARY**

37 This bill provides for the phase-out of the individual income tax.