

MAINE STATE LEGISLATURE

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130th MAINE LEGISLATURE

FIRST REGULAR SESSION-2021

Legislative Document

No. 498

H.P. 361

House of Representatives, February 19, 2021

**An Act To Reauthorize a 3 Percent Tax on Income over \$200,000 To
Lift All Maine Workers out of Poverty**

Received by the Clerk of the House on February 17, 2021. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

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

ROBERT B. HUNT
Clerk

Presented by Representative SYLVESTER of Portland.

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

2 **Sec. 1. 36 MRSA §5111, sub-§7** is enacted to read:

3 7. **Income tax surcharge.** For tax years beginning on or after January 1, 2022, in
4 addition to any other tax imposed by this chapter, an income tax surcharge at the rate of
5 3% is imposed on that portion of the taxpayer's Maine taxable income in excess of
6 \$200,000.

7 **Sec. 2. 36 MRSA §5219-S, sub-§1**, as amended by PL 2019, c. 527, Pt. B, §2, is
8 further amended to read:

9 **1. Resident taxpayer.** A resident individual who is an eligible individual is allowed
10 a credit against the tax otherwise due under this Part in the amount of ~~25%~~ 100% of the
11 federal earned income credit for the same taxable year for a resident eligible individual
12 ~~who does not have a qualifying child and 12% of the federal earned income credit for the~~
13 ~~same taxable year for all other resident eligible individuals.~~

14 **Sec. 3. 36 MRSA §5219-S, sub-§2**, as amended by PL 2019, c. 527, Pt. B, §2, is
15 further amended to read:

16 **2. Nonresident taxpayer.** A nonresident individual who is an eligible individual is
17 allowed a credit against the tax otherwise due under this Part in the amount of ~~25%~~ 100%
18 of the federal earned income credit for the same taxable year for a nonresident eligible
19 individual ~~who does not have a qualifying child and 12% of the federal earned income~~
20 ~~credit for the same taxable year for all other nonresident eligible individuals~~, multiplied by
21 the ratio of the individual's Maine adjusted gross income, as defined in section 5102,
22 subsection 1-C, paragraph B, to the individual's entire federal adjusted gross income, as
23 modified by section 5122.

24 **Sec. 4. 36 MRSA §5219-S, sub-§3**, as amended by PL 2019, c. 527, Pt. B, §2, is
25 further amended to read:

26 **3. Part-year resident taxpayer.** An eligible individual who files a return as a part-
27 year resident in accordance with section 5224-A is allowed a credit against the tax
28 otherwise due under this Part in the amount of ~~25%~~ 100% of the federal earned income
29 credit for the same taxable year for an eligible part-year individual ~~who does not have a~~
30 ~~qualifying child and 12% of the federal earned income credit for the same taxable year for~~
31 ~~all other eligible part-year individuals~~, multiplied by a ratio, the numerator of which is the
32 individual's Maine adjusted gross income as defined in section 5102, subsection 1-C,
33 paragraph A for that portion of the taxable year during which the individual was a resident
34 plus the individual's Maine adjusted gross income as defined in section 5102, subsection
35 1-C, paragraph B for that portion of the taxable year during which the individual was a
36 nonresident and the denominator of which is the individual's entire federal adjusted gross
37 income, as modified by section 5122.

38 **Sec. 5. Application.** This Act applies to tax years beginning on or after January 1,
39 2022.

40 **SUMMARY**

41 This bill imposes an income tax surcharge on taxable income exceeding \$200,000 and
42 increases the Maine earned income tax credit to equal the federal earned income tax credit.