

MAINE STATE LEGISLATURE

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Date: 4/5/24 Majority L.D. 1231
(Filing No. H-924)

TAXATION

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
131ST LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 779, L.D. 1231, "An Act to Bring Fairness in Income Taxes to Maine Families by Adjusting the Tax Brackets"

Amend the bill by striking out everything after the enacting clause and inserting the following:

Sec. 1. 36 MRSA §5111, sub-§1-F, as enacted by PL 2015, c. 267, Pt. DD, §3, is amended to read:

1-F. Single individuals and married persons filing separate returns; tax years beginning from 2017 to 2024. For tax years beginning on or after January 1, 2017 but before January 1, 2025, for single individuals and married persons filing separate returns:

If Maine taxable income is:	The tax is:
Less than \$21,050	5.8% of the Maine taxable income
At least \$21,050 but less than \$50,000	\$1,221 plus 6.75% of the excess over \$21,050
\$50,000 or more	\$3,175 plus 7.15% of the excess over \$50,000

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

1-G. Single individuals and married persons filing separate returns; tax years beginning 2025. For tax years beginning on or after January 1, 2025, for single individuals and married persons filing separate returns:

<u>If Maine taxable income is:</u>	<u>The tax is:</u>
<u>Less than \$41,600</u>	<u>5.8% of the Maine taxable income</u>
<u>At least \$41,600 but less than \$85,000</u>	<u>\$2,413 plus 6.75% of the excess over \$41,600</u>
<u>At least \$85,000 but less than \$144,500</u>	<u>\$5,343 plus 7.15% of the excess over \$85,000</u>
<u>At least \$144,500 but less than \$205,000</u>	<u>\$9,597 plus 7.55% of the excess over \$144,500</u>

COMMITTEE AMENDMENT

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1	<u>At least \$205,000 but less than \$500,000</u>	<u>\$14,165 plus 7.15% of the excess over</u>
2		<u>\$205,000</u>
3	<u>\$500,000 or more</u>	<u>\$35,258 plus 8.45% of the excess over</u>
4		<u>\$500,000</u>

5 **Sec. 3. 36 MRSA §5111, sub-§2-F**, as enacted by PL 2015, c. 267, Pt. DD, §5, is
6 amended to read:

7 **2-F. Heads of households; tax years beginning from 2017 to 2024.** For tax years
8 beginning on or after January 1, 2017 but before January 1, 2025, for unmarried individuals
9 or legally separated individuals who qualify as heads of households:

10	If Maine taxable income is:	The tax is:
11	Less than \$31,550	5.8% of the Maine taxable income
12	At least \$31,550 but less than \$75,000	\$1,830 plus 6.75% of the excess over
13		\$31,550
14	\$75,000 or more	\$4,763 plus 7.15% of the excess over
15		\$75,000

16 **Sec. 4. 36 MRSA §5111, sub-§2-G** is enacted to read:

17 **2-G. Heads of households; tax years beginning 2025.** For tax years beginning on or
18 after January 1, 2025, for unmarried individuals or legally separated individuals who
19 qualify as heads of households:

20	<u>If Maine taxable income is:</u>	<u>The tax is:</u>
21	<u>Less than \$62,400</u>	<u>5.8% of the Maine taxable income</u>
22	<u>At least \$62,400 but less than \$127,500</u>	<u>\$3,619 plus 6.75% of the excess over</u>
23		<u>\$62,400</u>
24	<u>At least \$127,500 but less than \$216,750</u>	<u>\$8,013 plus 7.15% of the excess over</u>
25		<u>\$127,500</u>
26	<u>At least \$216,750 but less than \$307,500</u>	<u>\$14,394 plus 7.55% of the excess over</u>
27		<u>\$216,750</u>
28	<u>At least \$307,500 but less than \$750,000</u>	<u>\$21,246 plus 7.15% of the excess over</u>
29		<u>\$307,500</u>
30	<u>\$750,000 or more</u>	<u>\$52,885 plus 8.45% of the excess over</u>
31		<u>\$750,000</u>

32 **Sec. 5. 36 MRSA §5111, sub-§3-F**, as enacted by PL 2015, c. 267, Pt. DD, §7, is
33 amended to read:

34 **3-F. Individuals filing married joint returns or surviving spouses; tax years**
35 **beginning from 2017 to 2024.** For tax years beginning on or after January 1, 2017 but
36 before January 1, 2025, for individuals filing married joint returns or surviving spouses
37 permitted to file a joint return:

38	If Maine taxable income is:	The tax is:
39	Less than \$42,100	5.8% of the Maine taxable income
40	At least \$42,100 but less than \$100,000	\$2,442 plus 6.75% of the excess over
41		\$42,100
42	\$100,000 or more	\$6,350 plus 7.15% of the excess over
43		\$100,000

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Sec. 6. 36 MRSA §5111, sub-§3-G is enacted to read:

3-G. Individuals filing married joint returns or surviving spouses, tax years beginning 2025. For tax years beginning on or after January 1, 2025, for individuals filing married joint returns or surviving spouses permitted to file a joint return:

<u>If Maine taxable income is:</u>	<u>The tax is:</u>
<u>Less than \$83,200</u>	<u>5.8% of the Maine taxable income</u>
<u>At least \$83,200 but less than \$170,000</u>	<u>\$4,826 plus 6.75% of the excess over \$83,200</u>
<u>At least \$170,000 but less than \$289,000</u>	<u>\$10,685 plus 7.15% of the excess over \$170,000</u>
<u>At least \$289,000 but less than \$410,000</u>	<u>\$19,194 plus 7.55% of the excess over \$289,000</u>
<u>At least \$410,000 but less than \$1,000,000</u>	<u>\$28,330 plus 7.15% of the excess over \$410,000</u>
<u>\$1,000,000 or more</u>	<u>\$70,515 plus 8.45% of the excess over \$1,000,000</u>

Sec. 7. 36 MRSA §5403, sub-§1, as enacted by PL 2015, c. 267, Pt. DD, §33, is repealed and the following enacted in its place:

1. Individual income tax rate tables. Beginning in 2024 and each year thereafter, by the dollar amounts of the tax rate tables specified in section 5111, subsections 1-G, 2-G and 3-G, except that for the purposes of this subsection, notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year divided by the Chained Consumer Price Index for the 12-month period ending June 30, 2023.'

Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

SUMMARY

This amendment changes, beginning in 2025, the current income tax brackets by increasing the threshold amount of income subject to the lower current tax rate of 5.8%, 6.75% or 7.15%. The amendment adds 3 new income tax brackets and imposes tax rates of 7.55%, 7.15% and 8.45% in those new brackets.

FISCAL NOTE REQUIRED

(See attached)



131st MAINE LEGISLATURE

LD 1231

LR 1161(02)

An Act to Bring Fairness in Income Taxes to Maine Families by Adjusting the Tax Brackets

Fiscal Note for Bill as Amended by Committee Amendment "A (H-924)

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
Net Cost (Savings)				
General Fund	\$0	(\$332,500)	(\$570,000)	(\$237,500)
Revenue				
General Fund	\$0	\$332,500	\$570,000	\$237,500
Other Special Revenue Funds	\$0	\$17,500	\$30,000	\$12,500

Fiscal Detail and Notes

This bill expands the income levels subject to current individual income tax brackets resulting in lower income tax revenue at current tax rates and adds new tax brackets at higher income levels to phase out the benefit of the income tax reduction from expanding the current brackets. The bill also imposes a higher tax rate on high income tax payers to offset the revenue loss from the expansion of the current brackets. The changes take effect for tax years beginning on or after January 1, 2025 and will increase General Fund revenue by \$332,500 and increase Local Government Fund by \$17,500 in fiscal year 2024-25.

Any additional costs to the Department of Administrative and Financial Services, Bureau of Revenue Services to implement the changes to the individual income tax are expected to be minor and can be absorbed within existing budgeted resources.