# MAINE STATE LEGISLATURE

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1	1.121 $100$	- L.D. 1231					
2	Date: 4/5/24 ///	Monty (Filing No. H-925)					
3	TAX	ATION					
4	Reproduced and distributed under the direction of the Clerk of the House.						
5	STATE OF MAINE						
6	HOUSE OF REPRESENTATIVES						
7	131ST LEGISLATURE						
8	SECOND REGULAR SESSION						
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9 10	COMMITTEE AMENDMENT "b" to H.P. 779, L.D. 1231, "An Act to Bring Fairness in Income Taxes to Maine Families by Adjusting the Tax Brackets"						
11 12	Amend the bill by striking out everything after the enacting clause and inserting the following:						
13 14	'Sec. 1. 36 MRSA §5111, sub-§1-F, as enacted by PL 2015, c. 267, Pt. DD, §3, is amended to read:						
15 16 17	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:						
18	If Maine taxable income is:	The tax is:					
19	Less than \$21,050	5.8% of the Maine taxable income					
20	At least \$21,050 but less than \$50,000	\$1,221 plus 6.75% of the excess over					
21 22	\$50,000 or more	\$21,050 \$3,175 plus 7.15% of the excess over					
23	ψ50,000 of more	\$50,000					
24	Sec. 2. 36 MRSA §5111, sub-§1-0	is enacted to read:					
25	1-G. Single individuals and marrie	d persons filing separate returns; tax years					
26	beginning 2025. For tax years beginning on or after January 1, 2025, for single individuals						
27	and married persons filing separate returns	•					
28	If Maine taxable income is:	The tax is:					
29	Less than \$41,600	5.8% of the Maine taxable income					
30	At least \$41,600 but less than \$85,000	\$2,413 plus 6.75% of the excess over					
31	At least \$95,000 but less then \$144,500	\$41,600 \$5.342 plus 7.1594 of the excess ever					
32 33	At least \$85,000 but less than \$144,500	\$5,343 plus 7.15% of the excess over \$85,000					
34	At least \$144,500 but less than \$205,000	\$9,597 plus 7.55% of the excess over					
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# **COMMITTEE AMENDMENT**

1 2	\$205,000 or more	\$14,165 plus 7.15% of the excess over \$205,000					
3 4	<b>Sec. 3. 36 MRSA §5111, sub-§2-F,</b> as enacted by PL 2015, c. 267, Pt. DD, §5, is amended to read:						
5 6 7	<b>2-F.</b> Heads of households; tax years beginning from 2017 to 2024. For tax years beginning on or after January 1, 2017 but before January 1, 2025, for unmarried individuals or legally separated individuals who qualify as heads of households:						
8 9 10 11 12 13	If Maine taxable income is: Less than \$31,550 At least \$31,550 but less than \$75,000 \$75,000 or more	The tax is: 5.8% of the Maine taxable income \$1,830 plus 6.75% of the excess over \$31,550 \$4,763 plus 7.15% of the excess over \$75,000					
14	Sec. 4. 36 MRSA §5111, sub-§2-G is enacted to read:						
15 16 17	2-G. Heads of households; tax years beginning 2025. For tax years beginning on or after January 1, 2025, for unmarried individuals or legally separated individuals who qualify as heads of households:						
18 19 20 21	If Maine taxable income is:  Less than \$62,400 At least \$62,400 but less than \$127,500	The tax is: 5.8% of the Maine taxable income \$3,619 plus 6.75% of the excess over \$62,400					
22 23	At least \$127,500 but less than \$216,750	\$8,013 plus 7.15% of the excess over \$127,500					
24 25	At least \$216,750 but less than \$307,500	\$14,394 plus 7.55% of the excess over \$216,750					
26 27	\$307,500 or more	\$21,246 plus 7.15% of the excess over \$307,500					
28 29	Sec. 5. 36 MRSA §5111, sub-§3-F, as enacted by PL 2015, c. 267, Pt. DD, §7, is amended to read:						
30 31 32 33	3-F. Individuals filing married joint returns or surviving spouses; tax years beginning from 2017 to 2024. For tax years beginning on or after January 1, 2017 but before January 1, 2025, for individuals filing married joint returns or surviving spouses permitted to file a joint return:						
34 35 36 37	If Maine taxable income is: Less than \$42,100 At least \$42,100 but less than \$100,000	The tax is: 5.8% of the Maine taxable income \$2,442 plus 6.75% of the excess over \$42,100					
38 39	\$100,000 or more	\$6,350 plus 7.15% of the excess over \$100,000					
40	Sec. 6. 36 MRSA §5111, sub-§3-G	is enacted to read:					
41 42 43	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:						

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ROS COMMITTEE AMENDMENT " " to H.P. 779, L.D. 1231 If Maine taxable income is: The tax is: 2 Less than \$83,200 5.8% of the Maine taxable income 3 At least \$83,200 but less than \$170,000 \$4,826 plus 6.75% of the excess over 4 \$83,200 5 \$10,685 plus 7.15% of the excess over At least \$170,000 but less than \$289,000 6 \$170,000 7 At least \$289,000 but less than \$410,000 \$19,194 plus 7.55% of the excess over 8 \$289,000 9 \$28,330 plus 7.15% of the excess over \$410,000 or more 10 \$410,000 11 Sec. 7. 36 MRSA §5403, sub-§1, as enacted by PL 2015, c. 267, Pt. DD, §33, is 12 repealed and the following enacted in its place: 13 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 14 and 3-G, except that for the purposes of this subsection, notwithstanding section 5402, 15 subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer Price Index for 16 the 12-month period ending June 30th of the preceding calendar year divided by the 17 18 Chained Consumer Price Index for the 12-month period ending June 30, 2023. 19 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section 20 number to read consecutively. 21 **SUMMARY** 22 This amendment changes, beginning in 2025, the current income tax brackets by 23

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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 2 new income tax brackets starting at \$144,500 and imposes tax rates of 7.55% and 7.15% in those new brackets.

### FISCAL NOTE REQUIRED

(See attached)



## 131st MAINE LEGISLATURE

LD 1231

LR 1161(03)

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 'B' (H-925) 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	\$19,570,000	\$56,810,000	\$59,422,5
Revenue				
General Fund	\$0	(\$19,570,000)	(\$56,810,000)	(\$59,422,500)
Other Special Revenue Funds	\$0	(\$1,030,000)	(\$2,990,000)	(\$3,127,500)

#### Fiscal Detail and Notes

This bill expands the income levels subject to current individal 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 changes take effect for tax years beginning on or after January 1, 2025 and will decrease General Fund revenue by \$19,570,000 and decrease Local Government Fund revenue by \$1,030,000 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.