

MAINE STATE LEGISLATURE

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Date 6/20/23 Report 'A' L.D. 1671
(Filing No H-627)

TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
131ST LEGISLATURE
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to H P 1069, L D 1671, "An Act to Reduce the Income Tax to 4 5 Percent on the Lowest Tax Bracket and Remove Low-income Families from Taxation"

Amend the bill by striking out all of section 2 and inserting the following

'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 2023. For tax years beginning on or after January 1, 2023, for single individuals and married persons filing separate returns

<u>If Maine taxable income is</u>	<u>The tax is</u>
<u>Less than \$24,500</u>	<u>4 5% of the Maine taxable income</u>
<u>At least \$24,500 but less than \$58,050</u>	<u>\$1,103 plus 6 75% of the excess over \$24,500</u>
<u>\$58,050 or more</u>	<u>\$3,368 plus 7 15% of the excess over \$58,050</u>

Amend the bill by striking out all of section 4 and inserting the following

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

2-G. Heads of households; tax years beginning 2023. For tax years beginning on or after January 1, 2023, for unmarried individuals or legally separated individuals who qualify as heads of households

<u>If Maine taxable income is</u>	<u>The tax is</u>
<u>Less than \$36,750</u>	<u>4 5% of the Maine taxable income</u>
<u>At least \$36,750 but less than \$87,100</u>	<u>\$1,654 plus 6 75% of the excess over \$36,750</u>
<u>\$87,100 or more</u>	<u>\$5,053 plus 7 15% of the excess over \$87,100</u>

COMMITTEE AMENDMENT

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Amend the bill by striking out all of section 6 and inserting the following

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 2023. For tax years beginning on or after January 1, 2023, 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 \$49,050</u>	<u>4 5% of the Maine taxable income</u>
<u>At least \$49,050 but less than \$116,100</u>	<u>\$2,207 plus 6 75% of the excess over \$49,050</u>
<u>\$116,100 or more</u>	<u>\$6,733 plus 7 15% of the excess over \$116,100</u>

Amend the bill by inserting after section 6 the following

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 2023 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, 2022.

Sec. 8. Appropriations and allocations. The following appropriations and allocations are made

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF Revenue Services, Bureau of 0002

Initiative Provides one-time funding for administrative costs associated with changes to the individual income tax rate

GENERAL FUND	2023-24	2024-25
All Other	\$134,000	\$0
GENERAL FUND TOTAL	<u>\$134,000</u>	<u>\$0</u>

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

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COMMITTEE AMENDMENT "A" to H P 1069, L D 1671

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SUMMARY

This amendment corrects some amounts in the bill and adjusts amounts calculated for inflation adjustments to reflect the changes in the bill. The amendment adds an appropriations and allocations section.

FISCAL NOTE REQUIRED

(See attached)



131st MAINE LEGISLATURE

LD 1671

LR 952(02)

An Act to Reduce the Income Tax to 4.5 Percent on the Lowest Tax Bracket and Remove Low-income Families from Taxation

Fiscal Note for Bill as Amended by Committee Amendment *A (H-627)*

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	\$251,931,500	\$189,287,500	\$209,522,500	\$235,362,500
Appropriations/Allocations				
General Fund	\$134,000	\$0	\$0	\$0
Revenue				
General Fund	(\$251,797,500)	(\$189,287,500)	(\$209,522,500)	(\$235,362,500)
Other Special Revenue Funds	(\$13,252,500)	(\$9,962,500)	(\$11,027,500)	(\$12,387,500)

Fiscal Detail and Notes

This bill reduces the individual income tax rate imposed on the lowest bracket of individual income from 5.8% to 4.5% for tax years beginning on or after January 1, 2023. It will reduce General Fund revenue by \$251,797,500 in fiscal year 2023-24 and \$189,287,500 in fiscal year 2024-25.

The bill includes a one-time General Fund appropriation to the Department of Administrative and Financial Services, Bureau of Revenue Services for administrative costs to implement the changes to the individual income tax.