

MAINE STATE LEGISLATURE

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**AN ANALYSIS OF THE MAINE INDIVIDUAL
INCOME TAX:
Recent Trends and Projections
Volume 1: Analysis and Findings**

**Prepared for:
THE STATE OF MAINE**

**By:
THE POLICY ECONOMICS GROUP
OF
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EXECUTIVE SUMMARY

AN ANALYSIS OF THE MAINE INDIVIDUAL INCOME TAX: Recent Trends and Projections

The federal Tax Reform Act of 1986 was one of the most sweeping revisions in the history of income taxation in the United States. While it was designed to be "revenue neutral" at the federal level, it has had significant effects on state income taxes in states, like Maine, which are linked in whole or part to the federal tax code. As a result, many states have wrestled with the dual problems of determining what tax reform means for their tax systems and deciding how--and if--they should respond to its implications.

The Policy Economics Group of KPMG Peat Marwick was asked to examine the Maine individual and corporation income taxes and to seek answers to these difficult issues. Our study was based on an analysis of actual Maine taxpayers and addresses the actual impact of tax reform, the state response to it, and various policy alternatives. This report summarizes the results of work on the individual income tax. The study of the corporation income tax will be completed in about two months.

Our general findings concerning the total effects of federal reform and the adequacy of the state response are summarized in Table 1. It shows aggregate changes in Maine tax liability for calendar years 1986-92 as a result of federal changes and the state response.¹ As Table 1 shows, federal reform produces increases in liability ranging from \$15.6 million in 1986 (due to an acceleration in capital gains realizations in anticipation of the law change) to \$110.7 million by 1992. The state response, including the two rebate programs, produces a significant reduction in the federal increases beginning in 1987, partly offsetting the federal reform effects. However, a sizable gain in liability remains in 1988-91 even after the state actions. For example, this remaining windfall is estimated at about \$22 million for calendar 1989.

TABLE 1
COMBINED EFFECTS OF FEDERAL TAX REFORM AND THE STATE RESPONSE
ON MAINE INDIVIDUAL INCOME TAX LIABILITIES
Calendar Years 1986-92
(Millions of Dollars)

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
Effects of Federal Tax Reform	\$15.6	\$60.0	\$72.3	\$84.6	\$93.6	\$102.8	\$110.7
Effects of State Response							
--Tax Law Changes	0.0	-15.4	-51.1	-62.7	-80.2	-97.9	-118.3
--Windfall Rebate	0.0	-24.2	0.0	0.0	0.0	0.0	0.0
--Surplus Rebate	0.0	-40.7	0.0	0.0	0.0	0.0	0.0
TOTAL--ALL CHANGES	\$15.6	-\$20.3	\$21.2	\$21.9	\$13.3	\$4.9	-\$7.5

* Includes the effects of the windfall rebate and surplus rebate programs , totaling about \$65 million.

¹In this study, the state response includes the windfall and surplus rebate programs adopted by the State in 1988. Clearly, the windfall rebate was related to the income tax windfall issue, while the surplus rebate was tied to a larger General Fund surplus, a large percentage of which was generated by large gains in the income tax. Both programs rebated money to Maine income taxpayers.

Table 2 converts the changes in calendar year tax liability to a fiscal basis--that is, it shows the actual pattern of how the money will enter the state treasury as it is paid by taxpayers as withholding, estimated payments and final payments or as the State refunds overpayments. As the table shows, on a fiscal year basis, the net gains and losses through fiscal year 1989 essentially cancel out, primarily because of the inclusion of the windfall and surplus rebates in the totals. However, as in the calendar year liability form, revenue gains above pre-reform levels continues for the years after 1989.

TABLE 2
COMBINED EFFECTS OF FEDERAL TAX REFORM AND THE STATE RESPONSE
ON MAINE INDIVIDUAL INCOME TAX RECEIPTS
Fiscal Years 1986-92
(Millions of Dollars)

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
Effects of Federal Tax Reform	\$0.0	\$17.7	\$60.5	\$73.7	\$85.0	\$94.0	\$103.0
Effects of State Response							
--Tax Law Changes	0.0	0.0	-22.0	-62.9	-68.4	-85.9	-104.4
--Windfall Rebate	0.0	0.0	0.0	-24.2	0.0	0.0	0.0
--Surplus Rebate	0.0	0.0	0.0	-40.7	0.0	0.0	0.0
TOTAL--ALL CHANGES	\$0.0	\$17.7	\$38.5	-\$54.1	\$16.6	\$8.1	-\$1.4

It is important to note that this remaining "windfall" shrinks over time and actually turns negative by the early 1990s. This is caused by differing growth rates in the various changes. Essentially, the loss from the rate reduction enacted by the State grows faster than gains from the personal exemption and standard deduction credits, causing a relatively quick erosion of the remaining gains from federal reform. This erosion can be expected to continue to grow beyond the forecast years. This does *not* mean that receipts for the Maine income tax will decline overall. It does mean that the combined federal and state changes of the last three years will begin to be a drag on income tax growth by the early 1990s.

The study also examined the distributional effects of the federal and state changes. These effects for calendar year 1988 are shown in Table 3. As the table shows, the federal tax reform changes alone would have produced significant *increases* in tax liability for Maine taxpayers at all income levels. The state response *reduces* liabilities in all income classes. However, the net effect of the federal reforms and state responses is not uniform across income classes. Those in the lowest and highest income classes would *on average* experience a reduction in tax liability in 1988. (There are increases and decreases in liability for taxpayers in all income classes. These figures represent averages for the classes.) In the income classes from \$20,000-100,000, the state response is not adequate to offset increases caused by federal changes, and these income classes *on average* experience increases in their tax liabilities.

Table 4 shows how the federal and state law changes affect the distribution of tax liability among income classes in calendar year 1988. The net effect of the changes in that year was to increase taxes for 218,000 Maine taxpayers and to reduce taxes for about 272,000. Much of the reduction came in low end of the income scale, while taxpayers in the \$20,000-100,000 range accounted for 150,000 of the 218,000 returns with tax increases (69 percent).

A third major concern in the study was to examine how the Maine tax system compares with the income tax laws used in selected comparison states. The states selected for the analysis by the State were Massachusetts, New York, Rhode Island, South Carolina, Vermont and Wisconsin. To complete this portion of the study, we imposed the income tax systems in the selected states on the Maine taxpaying

TABLE 3
EFFECTS OF FEDERAL AND STATE LAW CHANGES ON TAX LIABILITY
BY INCOME CLASS
Calendar Year 1988
(Millions of Dollars)

Income Class	Pre-Tax Reform	Tax Increase from Federal Changes Only		Combined Federal Changes and State Response	
		Amount	% Change Pre-Tax Reform	Amount	% Change Pre-Tax Reform
Less than \$5,000	\$0.3	\$0.3	120.0%	-\$0.3	-120.0%
\$5,000 to 9,999	4.9	0.6	12.2	-1.4	-28.6
\$10,000 to 14,999	15.0	0.6	4.0	-1.4	-9.3
\$15,000 to 19,999	23.8	0.8	3.4	-0.2	-0.8
\$20,000 to 29,999	67.1	7.0	10.4	5.0	7.5
\$30,000 to 49,999	143.7	21.3	14.8	15.1	10.5
\$50,000 to 99,999	88.0	14.7	16.7	7.7	8.8
\$100,000 to 200,000	44.8	7.2	16.1	-0.5	-1.1
\$200,000 and over	101.3	19.9	19.7	-2.8	-2.8
TOTAL	\$488.9	\$72.3	14.8%	\$21.2	4.3%

TABLE 4
INCREASES AND DECREASES IN TAX LIABILITY
MAINE INDIVIDUAL INCOME TAX
AS A RESULT OF FEDERAL TAX REFORM AND THE STATE RESPONSE
Calendar Year 1988

Income Class	Returns with Liability DECREASES				Returns with Liability INCREASES			
	Number (000s)	Total Decrease (Mil. \$)	Average Decrease (\$)	% of All Returns in Class	Number (000s)	Total Increase (Mil. \$)	Average Increase (\$)	% of All Returns in Class
Less than \$5,000	24.6	-\$0.3	-\$11	29.3%	1.2	\$0.0	neg.	neg.
\$5,000 to 9,999	69.8	-1.6	-23	82.8	10.4	0.2	neg.	12.3
\$10,000 to 14,999	41.3	-1.9	-46	52.7	34.7	0.5	15	44.3
\$15,000 to 19,999	44.8	-1.2	-26	69.7	18.7	1.0	51	29.1
\$20,000 to 29,999	43.7	-1.4	-32	43.7	55.4	6.3	114	55.4
\$30,000 to 49,999	29.9	-2.4	-80	29.4	71.9	17.4	242	70.5
\$50,000 to 99,999	11.0	-1.8	-163	32.7	22.6	9.5	418	67.2
\$100,000 to 200,000	4.2	-2.7	-648	66.2	2.1	2.2	1,033	33.7
\$200,000 and over	2.6	-8.0	-3,063	72.9	1.0	5.2	5,136	28.1
TOTAL	272.0	-\$21.2	-\$78	48.8%	218.1	\$42.4	\$194	39.2%

population and compared the results to the effects of the Maine tax. Our major finding is that the Maine tax system is the most progressive among the states examined. This includes the states like Wisconsin which are traditionally considered to have highly progressive income tax systems. In general, though, the Maine system generates more income from its taxpayers than the other states' systems would if imposed in Maine. The one exception to this is the Wisconsin structure.

Finally, the study examined several possible policy alternatives for change in the Maine income tax. Examined are options to tie the tax to federal tax liability--an option currently before the Legislature--and two alternatives for eliminating the standard deduction and personal exemption credits and returning to a system that more closely parallels federal law. The results of these approaches are discussed in detail in the report, but significantly, we found that it is possible to construct a tax structure which eliminates the credit approach and returns to the deduction approach for the standard deduction and personal exemption, which maintains a rate structure fairly close to the one currently in place, and which corrects the out-year revenue imbalance caused by the current state response to federal reform.

For example, Table 5 compares one of these options for calendar 1990 tax liabilities with the effects of the Maine law as it existed prior to the Tax Reform Act and state responses. The key features of this approach are:

- Elimination of the current standard deduction and personal exemption credits.
- Replacement of the credits with a standard deduction conforming to federal law and personal exemptions conforming to the federal deduction.
- Rates similar to the current rate structure, ranging from 2.0 percent to a top marginal rate of 8.5 percent.
- Full indexing of the standard deduction for inflation and indexing of the exemptions and tax rate brackets to the extent that inflation exceeds four percent in any year..

As Table 5 shows, the tax liability produced by this approach in 1990 should be within \$2 million of the level of pre-reform Maine law--that is, the current windfall would be fully eliminated. Moreover, the distribution of increases in liabilities over the old law would be fairly small and concentrated in the highest income classes. Lower income taxpayers would, *on average*, experience decreases from the old law and relatively small net changes overall from the new law. This approach would reduce tax liabilities *on average* for taxpayers in the \$20-50,000 classes compared with either the old Maine law or current law.

The approach would have the added advantage of not producing a drag on overall income tax growth in later years as the current system of state responses will. Its bottom line liability effects can be expected to closely parallel the pre-1986 Maine law in the future.

While the Policy Economics Group does not endorse any approach to future Maine individual income tax policy, we believe this approach and the others discussed in the report demonstrate that a valid range of options are available for dealing with the remaining tax reform windfall and with current problems with the structure of the Maine tax should the State elect to do so.

TABLE 5
TAX LIABILITIES UNDER 1986 MAINE TAX LAW (PRE-REFORM)
VERSUS POLICY ECONOMICS GROUP ALTERNATIVE
Calendar Year 1990
(Millions of Dollars)

Income Class	1986 Maine Law	Revision Option*	Difference	
			Amount	% Change
Less than \$5,000	\$0.3	\$0.2	-\$0.1	-33.3%
\$5,000 to 9,999	4.6	3.5	-1.1	-23.9
\$10,000 to 14,999	13.8	10.4	-3.4	-24.6
\$15,000 to 19,999	22.7	20.0	-2.7	-11.9
\$20,000 to 29,999	66.9	62.4	-4.5	-6.7
\$30,000 to 49,999	163.4	160.8	-2.6	-1.6
\$50,000 to 99,999	134.8	139.5	4.7	3.5
\$100,000 to 200,000	56.8	58.3	1.4	2.8
\$200,000 and over	122.0	127.5	5.5	4.5
TOTAL	\$585.2	\$582.6	-\$2.7	-0.5%

* These estimates are based on Option 3 outlined in the full report (pages 31-33). It assumes the standard deduction would conform to the federal deduction in general, indexed to the 1988 base. Exemptions and rate would conform to the federal deduction, but would be indexed only to the extent that inflation exceeded four percent. The current exemption and deduction credits would be eliminated.

**AN ANALYSIS OF THE MAINE INDIVIDUAL
INCOME TAX:
Recent Trends and Projections
Volume 1: Analysis and Findings**

AN ANALYSIS OF THE MAINE INDIVIDUAL INCOME TAX: RECENT TRENDS AND PROJECTIONS

**Prepared for the State of Maine
May 1989**

The Tax Reform Act of 1986 was one of the most sweeping revisions in the history of income taxation in the United States. At the federal level, it has been portrayed as accomplishing three major tax policy goals: expansion of the tax base, tax system simplification through a reduction in tax brackets, and a reduction in tax rates. Federal projections suggest that this was accomplished while maintaining "revenue neutrality"--that is, the federal tax was fundamentally reshaped without changing the bottom line amount of revenue it produces.

This clearly was not the case at the state level. To greater or lesser degrees, most state individual and corporate income taxes are affected by federal law, and while they impose their own tax rates, states conforming in whole or part to the federal law have generally experienced at least some revenue impact as a result of federal reform without passing any additional tax legislation of their own. This impact--typically in the form of a revenue gain--is largely a by-product of the changes made in the income tax base. For states like Maine, whose law has been in relatively close conformity to federal statutes, the impact of federal reform has been a significant increase in tax liability.

The likely impact of federal reforms on state taxes has been well understood virtually since the federal legislation began to take shape, but states have had a difficult time defining its precise dimensions. The impact of the federal reforms are immense and encompass both direct revenue effects --positive and negative--and so-called "behavioral responses" as taxpayers react to changes in the tax code.

One of the clearest examples of this latter phenomenon is the pattern of capital gains realizations by investors. The 1986 law generally taxes capital gains--income realized from the sale of assets above their original purchase price--at lower tax rates, but it also eliminates provisions in the old law which excluded 60 percent of gains on long-term investments from taxation. Thus, the revenue impact of the

change involved a tax *increase* for taxpayers from the elimination of the capital gains exclusion and a partly offsetting *reduction* because of lower tax rates.

But the effects of the law change did not end there. Also having an effect were changes in taxpayer behavior resulting from elimination of the gains exclusion. Initially, there was a surge in capital gains realizations the year prior to the Act taking effect as taxpayers sought to avoid the effects of base broadening. Following on the heels of this acceleration, there was a sharp drop in capital gains realizations in the first year of tax reform. Tax reform is also believed to have had an effect on how long taxpayers are willing to hold on to certain investments, producing a longer-term behavioral effect in addition to the short-term acceleration.

Given complexities like these, many states have wrestled with the dual problems of what tax reform means for them and how they should respond to its implications. In this regard, Maine is similar to other states. There was an early recognition that the State, because it is relatively closely tied to federal law, would reap a sizable reform “windfall.” However, the State’s leadership also decided early on to return this windfall to the taxpayers of Maine, and a number of changes were made in the Maine tax law to accomplish this policy goal.

Thus, since the Tax Reform Act took effect in 1986, there have been two sets of legislative forces operating on the Maine individual income tax. First, there are the effects of federal base broadening, which produced a sizable increase in tax liabilities over and above what the Maine tax would have produced in the absence of reform. Second, there are the provisions enacted by the State in response to the federal changes, the bulk of which were designed at least in part to distribute the gains from the federal changes back to Maine taxpayers.

How large is the windfall from the federal changes? How successful has the state responses been, both in reducing the windfall and in promoting the traditional tax policy goals of fairness, simplicity and stability within the Maine state tax system? In a period when tax law is in flux at the state and federal levels and there is some degree of uncertainty in the economic outlook, these are extraordinarily difficult questions for a state to have to confront, and it is little wonder that there are differences of opinion within the state about their answers. It is a dilemma faced repeatedly by states nationally in recent years.

In this regard, the State of Maine sought the assistance of the Policy Economics Group of KPMG Peat Marwick to provide an outside analysis of the impact of tax reform and its short- and long-term implications for the Maine individual income tax. The Policy Economics Group has worked with more than a dozen states in analyzing the impact of federal tax reform on their tax systems. It uses large-scale tax models to simulate the impact of the federal reforms and state responses. This approach allows one of the best pictures available of the complex interactions created by the Tax Reform Act.

The Policy Economics Group began work on this project approximately six weeks ago, and we are pleased to present this report of our findings to the State. The report is presented into two volumes. This volume--Volume 1--contains our written analysis of the state's individual income tax. It essentially summarizes the detailed data analysis that was carried out to segment the sources of change in the Maine income tax over time. The accompanying Volume 2 contains the detailed analytical tables that support the written report.

The report contained in this volume has a number of parts. These parts address various issues raised by the State. The report examines the impact of the federal tax changes on the Maine individual income tax and then analyzes the effects of various state law changes since the Tax Reform Act was enacted. It considers the impact of these changes on current state revenues and discusses their expected impact between now and 1992. It also looks in detail at how the effects of the various tax changes have been distributed among Maine taxpayers at various income levels. Finally, it looks at a number of tax policy options available to the State and describes their distributional and revenue effects. These latter options are not recommendations of the Policy Economics Group but reflect a range of policy alternatives open to the State of Maine, including approaches already introduced in the Legislature during the current regular session.

Before beginning this detailed analysis, however, it is useful to look briefly at how the State projects income tax receipts and at what basic information underlies the various projections presented in this report. Most revenue projections depend heavily on assumptions about the future performance of the state and national economies that underlie them. Thus, it is important to understand what assumptions we have made in developing our analysis.

The Revenue Estimating Process

In cases where the Policy Economics Group analyzes a state revenue issue, our practice is to base our analysis and any projections on the state's own economic forecast. This provides a common starting point for the analysis and removes the complications that may be introduced when more than one set of economic assumptions are used. Obviously, the assumptions that are made about the performance of a state economy can have a significant impact on taxes like the income and sales taxes which are driven by such economic factors as the growth in income and the level of retail purchases made with that income.

In the Maine study, we have had to diverge somewhat from our normal process. Although the State produces detailed revenue estimates for its major revenue sources, these estimates are not directly tied to a formal economic forecast. Instead, they are based on past collection trends, on the knowledge of the individuals involved in making the revenue projections concerning revenue flows and the performance of the Maine economy.

This projection process really has two parts, with forecasts of receipts from the major state taxes developed by the Bureau of Taxation and the Bureau of the Budget. The Bureau of Taxation (along with other state agencies which collect state revenues) prepares projections of the revenues it collects as part of its biennial budget submission, just as it would its appropriations requests. These projections are subsequently adjusted by the Bureau of the Budget in its preparation of the executive budget, and these estimates are the official forecasts used during the legislative budgeting process.

Because state forecasters do not base state projections on a formal economic forecast, we had to turn elsewhere for an economic basis for our model. In this case, we are relying on a March 1989 forecast prepared by the State Planning Office. The key economic variables from this forecast are summarized in Table 1. As a close examination of the projections suggests, the forecast reflects a relatively conservative outlook for the Maine state economy, reasonable in light of the uncertainties surrounding the short-term outlook for the national economy. This forecast should provide a reasonable underpinning for projecting future income tax performance not clouded by either overly optimistic or overly pessimistic economic assumptions.

TABLE 1
ECONOMIC ASSUMPTIONS
STATE OF MAINE
Calendar Years 1986-92

	1986	1987	1988e	1989e	1990e	1991e	1992e
State Personal Income (Billions \$)	\$15.1	\$16.6	\$17.4	\$18.5	\$19.7	\$20.8	\$22.0
% Change Prior Year	8.8%	10.0%	5.1%	6.4%	6.2%	5.7%	5.6%
Total Employment (Thousands)	629.6	659.8	684.2	687.0	700.6	710.5	720.3
% Change Prior Year	4.1%	4.8%	3.7%	0.4%	2.0%	1.4%	1.4%
Nonagricultural Employment (Thousands)	513.8	542.1	565.9	568.3	581.7	591.1	600.5
% Change Prior Year	4.5%	5.5%	4.4%	0.4%	2.4%	1.6%	1.6%
Population (Thousands)	1,172	1,187	1,202	1,212	1,219	1,234	1,241
% Change Prior Year	0.6%	1.3%	1.3%	0.8%	0.6%	1.2%	0.6%
Inflation	1.9%	3.7%	4.1%	5.0%	4.9%	5.0%	4.9%

Source: Maine State Planning Office, March 1989.

e = estimated.

The following sections of the report examine the individual income tax estimates which we derived using this forecast and our data base of Maine taxpayer information. Appropriately, the analysis begins where most states' recent problems have begun--with an examination of the effects of the Tax Reform Act of 1986.

The Impact of Federal Law Changes

At the time the Tax Reform Act was enacted, the Maine individual income tax law was relatively closely linked to federal statutes in many of its key provisions. Table 2 summarizes the major provisions of the Tax Reform Act that have had an impact on the Maine tax liabilities.

Our analysis of the impact of these provisions on the Maine individual income tax is based on a computer simulation of federal liability for Maine taxpayers generated by the Policy Economics Group's income tax model and data base. This model uses actual tax return data for Maine taxpayers. It has detailed tax calculators which allow determination of tax liabilities, both under the old federal (and state) law and under changes made since 1986. The data base which drives this model is similar to those used by the U.S. Treasury Department and Congressional Joint Tax Committee but has been enhanced with additional public use computer files and is therefore larger than the data bases used by federal estimators. In effect, it closely reflects the Maine taxpaying population and includes demographic and economic data as well.

By comparing the tax estimates for various provisions under the old (pre-reform) laws with the effects after tax reform changes are included, it is possible to get accurate estimates of the tax liability effects of various tax reform provisions for tax years 1986 through 1992. (This same process is also used to analyze the changes in state law discussed later.)

The detailed analysis of the impact of the federal changes on state law are summarized in the first two sections of Volume 2 of this report. Table 3 shows a summary of this information by major provisions for 1986 through 1992.

It is important to underscore that these data are for calendar year liabilities--the amounts that taxpayers would be expected to pay as they have tax withheld from their paychecks or file their tax

TABLE 2
MAJOR CHANGES IN FEDERAL TAX LAW AFFECTING
MAINE INDIVIDUAL INCOME TAX REVENUES

Provision	Description
Taxation of unemployment compensation benefits	The Tax Reform Act includes all unemployment compensation in AGI.
Dividend income exclusion	Under prior law, the first \$100 of dividends received by an individual or the first \$200 for a couple filing jointly is not included in AGI. The Tax Reform Act repeals this provision.
Repeal two-earner deduction	Under previous law, married couples who filed a joint tax return could deduct a portion of the income of the spouse with the lower income. Tax reform repealed this deduction.
Restrict IRA deduction	IRA are limited primarily to taxpayers not participating in an employer-sponsored retirement plan and other filers under certain limited income provisions (phased out as income rises). IRA earnings continue tax deferred.
Depreciation provisions	Previous law used the Accelerated Cost Recovery System (ACRS). Now, the ACRS classes have been redefined and the depreciation schedules changed.
Passive loss provisions	The reforms allow a maximum of \$25,000 in real estate losses to be used to offset other income. Losses from other passive activities will not be allowed to offset income from other sources. Passive losses may be used to offset passive income.
Employee business and moving expense deductions	Under the Tax Reform Act, employee business expenses will be grouped with miscellaneous itemized deductions as a "below the line" itemized deduction, subject to a floor of two percent of AGI. The moving expense deduction is moved below the line but is not subject to a floor provision.
Non-business interest deduction	Prior law allowed an itemized deduction for consumer interest, home mortgage interest, and for certain investment interest. Home mortgage interest remains deductible in most instances, but the interest deduction for consumer loans is phased out beginning in 1987. Deductions for investment interest expense cannot exceed investment income.
Deduction for sales tax paid	The prior deduction for state and local sales taxes paid is eliminated.
Deduction for medical expenses paid	The medical expense deduction floor is increased to 7.5 percent of adjusted gross income.
Capital gains	Under prior law, 60 percent of an individual taxpayer's net long-term capital gains is excluded from taxable income. Under the revised law, all short- and long-term capital gains are included in AGI without exclusion. For 1987 only, an alternative 28 percent tax on capital gains was provided in conjunction with the provisional rate structure of that year.
Alternative minimum tax	Under the new law, the alternative minimum tax rate is increased to 21 percent, the exempt amount will be phased out, and some preferences will be added to the minimum tax base, including the deduction for the appreciated component of charitable gifts.
Charitable giving	No provision of the Tax Reform Act of 1986 affects the deduction for charitable giving. However, charitable giving is indirectly affected by tax reform. There is a behavioral response which this report reflects.

Source: KPMG Peat Marwick, Policy Economics Group.

Note: Does not include provisions of the federal Tax Reform Act to which the State did not couple.

TABLE 3
CHANGES IN MAINE INDIVIDUAL INCOME TAX LIABILITIES
AS A RESULT OF FEDERAL TAX LAW CHANGES
Calendar Years 1986-92
(Millions of Dollars)

Provision	1986	1987	1988	1989	1990	1991	1992
Employee business and moving expense deductions	\$0.0	\$6.8	\$7.2	\$7.7	\$8.4	\$9.0	\$9.5
Non-business interest deduction	0.0	4.8	9.6	14.1	15.6	17.3	17.5
Deduction for sales tax paid	0.0	5.7	5.8	6.0	6.2	6.4	6.6
Deduction for medical expenses paid	0.0	2.5	2.7	2.8	3.3	3.8	4.3
Subtotal--Deduction Changes	\$0.0	\$19.8	\$25.3	\$30.6	\$33.5	\$36.5	\$37.9
Taxation of unemployment compensation benefits	0.0	0.7	0.6	0.6	0.6	0.6	0.6
Dividend income exclusion	0.0	0.8	0.8	0.8	0.9	0.9	0.9
Repeal two-earner deduction	0.0	9.4	9.9	10.7	11.3	12.2	13.1
Restrict IRA deduction	0.0	6.2	7.0	7.8	8.7	9.5	10.3
Depreciation provisions	0.0	-0.9	-0.1	0.9	2.0	3.0	3.2
Passive loss provisions	0.0	1.8	2.7	3.2	3.0	2.9	2.9
Capital gains	15.6	20.1	22.7	26.3	29.6	33.0	37.3
Subtotal--Base Broadeners	\$15.6	\$38.1	\$43.5	\$50.3	\$56.1	\$62.0	\$68.2
Personal exemptions	0.0	0.6	0.6	0.7	0.7	0.8	0.9
Standard deduction	0.0	0.3	0.5	0.5	0.6	0.6	0.7
Alternative minimum tax	0.0	0.2	0.2	0.2	0.2	0.2	0.2
Charitable giving	0.0	1.0	2.2	2.3	2.5	2.7	2.8
Subtotal--Other Changes	\$0.0	\$2.1	\$3.5	\$3.7	\$4.0	\$4.3	\$4.6
TOTAL--ALL CHANGES	\$15.6	\$60.0	\$72.3	\$84.6	\$93.6	\$102.8	\$110.7

Source: KPMG Peat Marwick, Policy Economics Group.

Note: Does not include provisions of the federal Tax Reform Act to which the State did not couple.

returns. (Later, we will discuss how these liabilities filter through the tax system to form fiscal year receipts--the money the State actually receives during its July through June fiscal year.)

As Table 3 shows, the total impact of the federal reforms on Maine law is an increase in liabilities, ranging from \$15.6 million in 1986 to \$110.7 million in 1992. This is, in effect, the windfall that has been widely discussed in the State. For calendar 1988, for which taxpayers have only recently filed tax returns, the increase in liability from the federal changes is estimated to be about \$72.3 million.

The largest impact of the federal reforms changes in the treatment of capital gains for tax purposes. The new law which eliminates the previous exclusion of 60 percent of long-term gains from taxation. As noted earlier, this is also one of the most complex sets of interactions, since it involves both a broadening of the base and a set of taxpayer behavioral reactions to the loss of the exclusion.

It is this latter effect that produces the estimated gain in 1986, before the tax law took effect. There was an acceleration of gains in that year as taxpayers rushed to realize gains at the lower effective tax rate under the old law. This was a clear by-product of the tax reform provisions but was in advance of actual changes in the law. However, the response subsequently resulted in fewer capital gains realizations in subsequent years as the exclusion was eliminated, thus reducing taxable gains. In turn, this effect was offset by higher liabilities generated by the broadened capital gains tax base. Thus, the net effect is a series of small increases in gains over the forecast period.

Another important federal change that netted the State additional tax liability was the elimination of non-business interest deduction. Under the old law, taxpayers were allowed an itemized deduction for consumer interest, home mortgage interest and for certain investment interest. Under the 1986 law, only the home mortgage deduction was retained in tact, while the interest deductions for consumer loans is being phased out and substantial changes were also made in the taxation of investment interest expense.

A third major factor increasing liabilities for the State was the repeal of the two-earner deduction. Under the old law, married couples who filed a joint tax return could deduct a portion of the income of the spouse with the lower income. Tax reform repealed this deduction, thereby increasing liabilities for a significant number of married taxpayers where both husband and wife work.

The table also presents a second way of looking at the impact of federal tax reform. The various provisions have been subdivided into four groupings: (1) deduction changes, which includes the change in the sales tax, medical expense and other deduction; (2) base broadeners, which include changes like the repeal of the two-earner deduction discussed above; (3) capital gains changes, separated mainly because of its complex effects; and (4) a handful of other, relatively minor changes.

As the table suggests, the three major categories produce about the same amount of increased liability for the State in 1988, but as the years progress, they tend to diverge, with the deduction changes growing most quickly, followed by the base broadeners and the capital gains provisions. The rapid growth in the deduction changes is a result of the phase-in over time of the non-business interest deduction which is not fully implemented until 1990.

Fiscal Year Impact of Federal Changes. A final step that needs to be taken to understand the impact of the federal reform changes on the State's fiscal situation is to convert the calendar year liability figures discussed above into fiscal year receipts. Maine follows a July-June fiscal year, so many of the the receipts generated by calendar year liabilities will not show up in state revenue receipts until the following fiscal year because of differences in the timing of the calendar and fiscal years. The next step in our analysis is to convert the calendar year liabilities into estimated fiscal year effects using allocation methods developed by the Policy Economics Group and the U.S. Treasury Department in estimating the overall impact of the Tax Reform Act.

The net effect of these conversions for fiscal years 1987 through 1992 is summarized in Table 4. Again, the table shows the major provisions having an impact on the Maine income tax and also aggregates the individual provisions into four groupings of deduction changes, base broadeners, capital gains effects and all other changes.

Although the timing differences between calendar year liabilities and fiscal year receipts are readily apparent, the pattern of effects is still clearly recognizable, with most of the impact coming from the capital gains provisions, the non-business interest provisions, and the repeal of the two-earner deduction. As the table shows, had the State not made counter-balancing changes in its law, the federal law changes would have produced gains in state income income ranging from \$17.7 million in 1987 to \$103 million in 1992.

TABLE 4
CHANGES IN MAINE INDIVIDUAL INCOME TAX RECEIPTS
AS A RESULT OF FEDERAL TAX LAW CHANGES
Fiscal Years 1987-92
(Millions of Dollars)

Provision	1987	1988	1989	1990	1991	1992
Employee business and moving expense deductions	\$1.0	\$6.9	\$7.3	\$7.8	\$8.5	\$9.1
Non-business interest deduction	0.2	5.0	9.8	14.2	15.7	17.3
Deduction for sales tax paid	0.2	5.7	5.8	6.0	6.2	6.4
Deduction for medical expenses paid	0.1	2.5	2.7	2.8	3.3	3.8
Subtotal--Deduction Changes	\$1.5	\$20.1	\$25.6	\$30.8	\$33.7	\$36.6
Taxation of unemployment compensation benefits	0.0	0.7	0.9	0.6	0.6	0.6
Dividend income exclusion	0.0	0.8	0.8	0.8	0.9	0.9
Repeal two-earner deduction	0.4	9.4	9.9	10.7	11.3	12.2
Restrict IRA deduction	0.0	6.2	7.0	7.8	8.7	9.5
Depreciation provisions	-0.1	-0.8	0.1	1.1	2.2	3.0
Passive loss provisions	0.3	1.9	2.8	3.2	3.0	2.9
Capital gains	15.6	20.1	22.7	26.3	29.6	33.0
Subtotal--Base Broadeners	\$16.2	\$38.3	\$44.2	\$50.5	\$56.3	\$62.1
Personal exemptions	0.0	0.6	0.8	0.7	0.7	0.8
Standard deduction	0.0	0.3	0.7	0.5	0.6	0.6
Alternative minimum tax	0.1	0.2	0.2	0.2	0.2	0.2
Charitable giving	0.0	1.0	2.2	2.3	2.5	2.7
Subtotal--Other Changes	\$0.1	\$2.1	\$3.9	\$3.7	\$4.0	\$4.3
TOTAL--ALL CHANGES	\$17.7	\$60.5	\$73.7	\$85.0	\$94.0	\$103.0

Source: KPMG Peat Marwick, Policy Economics Group.

Note: Does not include provisions of the federal Tax Reform Act to which the State did not couple.

As a matter of state policy, though, the important fact is that the State did take actions to return this “windfall” to the taxpayers of Maine. The next section looks at the State’s response and how it affected the gains stemming from the federal law changes.

The Maine State Response

Table 5 summarizes the changes made by the State of Maine since the enactment of federal tax reform. These changes can be divided into two groups: those which were temporary in effect, and those which made permanent changes in the state income tax law. Probably the most significant of these in terms of its ultimate revenue impact and its contribution to fundamentally changing the state tax system was the reduction in the rate schedule, with the top marginal rate falling from ten to eight percent. Two other major changes--and apparently some of the most visible to taxpayers--was the replacement of the federal exemption and standard deduction with tax credits.

Two important temporary changes that we have examined for the study are what have been labeled the “windfall” and “surplus” rebates adopted by the State in 1988. How these provisions came into effect and how they impact the federal windfall issues bears some discussion.

Although they are discussed in this report as part of the State response to changes in the income tax, both rebates are in reality temporary state expenditure programs, one making payments from a special fund set up to contain state estimated income tax “windfall” amounts, and the other a General Fund rebate designed to redistribute a large 1988 general revenue ending balance to taxpayers.

The windfall rebate, which took effect on May 2, 1988, was designed to return about \$24 million to Maine income taxpayers. This was the total estimated by the State to have been its 1987 tax year windfall from federal reform. The allocation to individual taxpayers represented just over six percent of their 1987 tax liability if their total 1987 liability exceeded their total 1986 (pre-reform) liability by more than seven percent.

In fiscal 1988, the State ended the fiscal year with a large General Fund surplus, in large part because of the unexpectedly high growth in the income tax--even above the estimated windfall levels--but also because of strong growth in the sales tax and other taxes. The surplus rebate, which took effect on September 23, 1988, is designed to redistribute a large portion of this surplus--to date more

TABLE 5
MAJOR CHANGES IN STATE LAW AFFECTING
MAINE STATE INDIVIDUAL INCOME TAX LIABILITIES

Provision	Description
Filing threshold	For 1987 only, returns with a Maine adjusted gross income less than the sum of federal exemptions plus either the federal standard deduction or Maine itemized deductions did not have to be filed.
Exemption credit	For 1987 only, a \$9 credit was allowed for each exemption in addition to the \$1,000 deduction.
Child care/elderly credit	Between 1985 and 1988, the percentage of the federal child care credit allowed on Maine returns increased in stages from 15% to 25%. In 1986 only, the elderly/disabled credit was restricted to filers aged 65 and over.
Rates and brackets	In 1988, the number of tax brackets was reduced from eight to four and the top rate was reduced from ten percent to eight percent.
Personal exemption credit	In 1988, both the \$1,000 exemption deduction and the \$9 credit were replaced with a credit ranging from \$30-65 per exemption. The various rates are based on the income of the taxpayer.
Standard deduction credit	In 1988, the threshold for itemizing deductions was increased to conform to federal law. Itemized deductions in excess of this threshold itself are allowed in the form of a credit to all taxpayers equal to the federal standard deduction times two percent--i.e., \$60 for single taxpayers and \$100 for taxpayers filing joint returns.
Windfall rebate	This is not a tax provision as such. It is an expenditure program designed to redistribute the estimated 1987 state windfall resulting from federal tax reform. Estimated income tax windfall was set aside in a special state fund and was redistributed to certain taxpayers based on the change in their 1987 tax liability over their 1986 liability.
Surplus rebate	This also is not a tax provision, nor does it directly affect the Maine income tax; however, it is directly related to the income tax windfall issue. Essentially, it is a program by which the State redistributed a portion of its General Fund surplus to Maine taxpayers. It uses the individual income tax as the basis for the rebate, with 12.5% refunded on the first \$500 of 1987 tax liability; 10.5% rebated on liability from \$501 to \$2,500; and 2.0% for any tax liability in excess of \$2,500.

Source: KPMG Peat Marwick, Policy Economics Group.

than \$40 million. These rebates are made to state income taxpayers based on a percentage of the income tax they paid in 1987 as follows:

- 12.5 percent of the first \$500;
- 10.5 percent between \$501 and \$2,500;
- two percent of any payments in excess of \$2,500.

It is important to recognize that the surplus rebate has never been identified by the State as a direct response to the individual income tax windfall problem, although it clearly is at least partly a by-product of the problem. As was shown in the earlier section of this report, the real increase in state tax liabilities as a result of federal tax reform was much greater than the \$24 million redistributed in the windfall rebate program. In fact, in 1987, the year affected by both these programs, the windfall was about \$60 million, and as a result, the surplus rebate program had the indirect effect of eliminating this windfall in that year--although again, it was not specifically designed to do so.

Table 6 shows the calendar year liability effects of the windfall and surplus rebates along with the other major State responses to federal tax reform. As the table shows, there were both gains and losses, but the overall impact of the changes made by the State was to *reduce* liabilities for Maine taxpayers significantly, with reductions ranging up to an estimated \$118.3 million in 1992. Note in the table that the windfall and surplus rebates have been included for analytical purposes in the calendar year 1987, which is the tax liability that they are based on. If they are removed, the total impact of direct state tax changes only in that year was reduction of \$15.4 million in liabilities, largely stemming from the temporary increase in the filing threshold and the \$9 exemption credit.

The largest impact of any other the provisions results from the rate reduction and revised tax indexing provisions. These are estimated to reduce state liabilities by a combined \$119 million in 1988, rising to almost \$210 million in combination by 1992.

Another significant point is the fact that the conversion to a personal exemption and standard deduction credit resulted in a significant net gain in revenue for the State. This is largely because the credits were at fairly low effective rates and the use of credits rather than the federal-style standard deduction and personal exemption results in higher taxable income for the State.

TABLE 6
 CHANGES IN MAINE INDIVIDUAL INCOME TAX LIABILITIES
 AS A RESULT OF STATE TAX LAW CHANGES
 Calendar Years 1986-92
 (Millions of Dollars)

Provision	1986	1987	1988	1989	1990	1991	1992
Filing threshold	\$0.0	-\$8.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
\$9 Exemption credit	0.0	-6.9	0.0	0.0	0.0	0.0	0.0
Windfall rebate*	0.0	-24.2	0.0	0.0	0.0	0.0	0.0
Surplus rebate*	0.0	-40.7	0.0	0.0	0.0	0.0	0.0
Child care/elderly exemption	0.0	-0.3	-0.7	-0.8	-0.8	-0.9	-0.9
Exemption credit	0.0	0.0	16.0	18.0	19.8	21.1	22.4
Standard deduction credit	0.0	0.0	52.6	57.2	61.7	65.9	70.2
Reduced tax rate	0.0	0.0	-69.3	-73.0	-76.4	-78.9	-81.5
State indexing	0.0	0.0	-49.7	-64.2	-84.5	-105.1	-128.4
TOTAL--ALL STATE RESPONSES	\$0.0	-\$80.3	-\$51.1	-\$62.7	-\$80.2	-\$97.9	-\$118.3

Source: KPMG Peat Marwick, Policy Economics Group.

* The windfall rebate is an expenditure program designed to return the estimated 1987 windfall from federal tax reform to Maine taxpayers. The surplus rebate program is an expenditure program designed to return a portion of the General Fund surplus to Maine taxpayers. Neither is a tax provision, but both have an impact on the federal windfall/state response issue.

Table 7 converts the calendar year liabilities to fiscal year receipts. Again, the pattern is somewhat similar with rapidly growing overall losses as a result of the State response through the 1992 forecast period.

Combined Federal and State Effects

With an understanding of the impact of the federal reforms and the State's response to it, it is useful to combine the two effects to see where the State stands with regard to dealing with the impact of federal tax reform. This is done in Table 8 for calendar year liabilities and in Table 9 for fiscal year receipts.

If the windfall and surplus rebates are treated as reductions in personal income tax liabilities, net liability changes in calendar year 1987 and 1988 virtually offset, making the only "real" gain to date the result of the acceleration of capital gains realizations in anticipation of the federal act. This is, of course, the \$15.6 million increase in liability shown in 1986 shown in Table 9.

These years aside, we estimate that the gain in liabilities remaining after state and federal changes are netted out totals about \$21.9 million in calendar year 1989. Significantly for the State and for state tax policy, this windfall amount shrinks significantly after 1989, turning negative by 1992. The reason for this peculiar pattern has to do with the differential growth rates of the various provisions affecting the net change figures. In this case, the major liability reducers--and most importantly, the reduction in tax rates and indexing--grow with economic activity. Over the forecast period, this growth is considerably faster than the growth in the revenue gainers--like the shift to the personal deduction credit--which tend to grow with growth in the taxpaying population. Thus, the fast growth revenue losers quickly overhaul and surpass the slower growing gainers producing the shrinking pattern of liability gains.

It is highly significant for state policy that this trend can be expected to continue into the 1990s in the absence of other changes in state tax law. That is, the various provisions enacted with result in increasing reductions in tax liability after 1992. This does *not* imply that the Maine income tax will not continue to grow in aggregate. Instead, these provisions will produce a drag on the overall growth in

TABLE 7
CHANGES IN MAINE INDIVIDUAL INCOME TAX RECEIPTS
AS A RESULT OF STATE TAX LAW CHANGES
Fiscal Years 1986-92
(Millions of Dollars)

Provision	1986	1987	1988	1989	1990	1991	1992
Filing threshold	\$0.0	\$0.0	-\$8.2	\$0.0	\$0.0	\$0.0	\$0.0
\$9 Exemption credit	0.0	0.0	-6.9	0.0	0.0	0.0	0.0
Windfall rebate*	0.0	0.0	0.0	-24.2	0.0	0.0	0.0
Surplus rebate*	0.0	0.0	0.0	-40.7	0.0	0.0	0.0
Child care/elderly exemption	0.0	0.0	-0.3	-0.7	-0.8	-0.8	-0.9
Exemption credit	0.0	0.0	0.2	21.5	18.6	20.2	21.5
Standard deduction credit	0.0	0.0	0.0	78.3	59.2	63.6	67.8
Reduced tax rate	0.0	0.0	-3.1	-94.1	-74.3	-77.4	-79.9
State indexing	0.0	0.0	0.0	-67.9	-71.1	-91.5	-113.0
TOTAL--STATE RESPONSES	\$0.0	\$0.0	-\$18.3	-\$127.8	-\$68.4	-\$85.9	-\$104.5

Source: KPMG Peat Marwick, Policy Economics Group.

* The windfall rebate is an expenditure program designed to return the estimated 1987 windfall from federal tax reform to Maine taxpayers. The surplus rebate program is an expenditure program designed to return a portion of the General Fund surplus to Maine taxpayers. Neither is a tax provision, but both have an impact on the federal windfall/state response issue.

TABLE 8
COMBINED EFFECTS OF FEDERAL TAX REFORM AND THE STATE RESPONSE
ON MAINE INDIVIDUAL INCOME TAX LIABILITIES
Calendar Years 1986-92
(Millions of Dollars)

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
Effects of Federal Tax Reform	\$15.6	\$60.0	\$72.3	\$84.6	\$93.6	\$102.8	\$110.7
Effects of State Response							
--Tax Law Changes	0.0	-15.4	-51.1	-62.7	-80.2	-97.9	-118.3
--Windfall Rebate	0.0	-24.2	0.0	0.0	0.0	0.0	0.0
--Surplus Rebate	0.0	-40.7	0.0	0.0	0.0	0.0	0.0
	<u>\$15.6</u>	<u>-\$20.3</u>	<u>\$21.2</u>	<u>\$21.9</u>	<u>\$13.3</u>	<u>\$4.9</u>	<u>-\$7.5</u>

Source: KPMG Peat Marwick, Policy Economics Group.

TABLE 9
COMBINED EFFECTS OF FEDERAL TAX REFORM AND THE STATE RESPONSE
ON MAINE INDIVIDUAL INCOME TAX RECEIPTS
Fiscal Years 1987-92
(Millions of Dollars)

	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
Effects of Federal Reform	\$17.7	\$60.5	\$73.7	\$85.0	\$94.0	\$103.0
State Response*						
--Tax Law Changes	0.0	-22.0	-62.9	-68.4	-85.9	-104.4
--Windfall Rebate	0.0	0.0	-24.2	0.0	0.0	0.0
--Surplus Rebate	0.0	0.0	-40.7	0.0	0.0	0.0
	<u>\$17.7</u>	<u>\$38.5</u>	<u>-\$54.1</u>	<u>\$16.6</u>	<u>\$8.1</u>	<u>-\$1.4</u>

Source: KPMG Peat Marwick, Policy Economics Group.

*Includes the effects of the windfall rebate and surplus rebate programs.

the tax, meaning the income tax's performance will lag behind where it would have been without the absence of the various state responses (and indeed, without the federal gains as well).

The other table on the page, Table 9, translates the calendar year liabilities into fiscal year receipts. This provides a picture of what the various changes mean to the State's income from the tax. As the table shows, there is a net reduction in receipts in fiscal 1989, reflecting the distribution of the windfall and surplus rebates in that year. This is followed by a series of shrinking gains through 1992 --following the pattern of the calendar year liabilities. As in the case of the liability-based figures, the receipts would be expected to turn negative in the early 1990s.

Conclusions About the Federal "Windfall" and the State Response. The findings concerning the various provisions of state and federal law impacting the Maine individual income tax have several important implications for Maine state fiscal policy. They suggest that while the State, both through tax and expenditure policy, has significantly reduced the so-called "windfall" resulting from federal tax reform, the total gains in tax liability produced by the federal law changes have not been completely eliminated to date. Between this year and 1991, an estimated \$43 million in liability will be produced in combined additional liabilities from Maine taxpayers as a result of the federal reforms and despite State response made to date. These increased liabilities will result in an attendant increase in state income tax receipts as well.

On the other hand, the analysis also makes it clear that the net windfall after the state response is, at best, a transitory phenomenon, given the current structure of state tax law. By 1992, the rapidly growing liability reductions enacted by the State in the last few years will surpass the revenue gainers resulting from federal law and state changes, thus eliminating the federal windfall. Thus, the various changes made by the State in response to federal reform will be translated into a growing net reduction in individual income tax liability by the mid-1990s. This is not meant to imply that the Maine individual income tax in total will not continue to grow, but it does imply that the net effect of all federal and state actions taken since 1986 will be a drag on the tax's performance.

In part this effect is visible in Table 10, which shows the Policy Economics Group's forecast of Maine state individual income tax receipts for fiscal years 1989-92. As the table shows, growth in the tax is in the 7-8 percent range over the forecast period, even with the net gains from federal and

TABLE 10
INDIVIDUAL INCOME TAX FORECAST
STATE OF MAINE
Fiscal Years 1989-92
(Millions of Dollars)

Fiscal Year	Total Receipts	General Revenue Portion*	Percent Change in Receipts
1989	\$553.0	\$524.8	--
1990	599.1	568.5	8.3%
1991	645.6	612.7	7.8
1992	692.8	657.5	7.3

Source: KPMG Peat Marwick, Policy Economics Group.

* Excluding amounts dedicated to local governments. Total represents 94.9% of total individual income tax collections.

state changes. Our estimates suggest that total receipts from the tax will grow from \$553 million in 1989 to about \$693 million by 1992. (These totals include amounts allocated to local governments. Table 10 shows estimates for the general revenue portion as well as the total.)

With these fiscal effects in mind, it is now useful to turn to an examination of the various distributional effects of the recent alterations in Maine tax law. In the next section of the paper, we attempt to provide a clear understanding of how the changes affected taxpayers at different income levels and who were the actual “winners and losers” from the recent changes in tax law.

Distributional Effects

The federal Tax Reform Act of 1986 significantly expanded the income tax base from which the Maine state tax is derived. It should come as no surprise, then, to find that the federal reforms alone produced a sizable increase in liabilities for a major portion of Maine taxpayers, and that this increase cuts across all income classes. This can be seen in Table 11, which summarizes the distributional effects on Maine state income taxpayers of the federal changes and the combined effects of the federal changes and state response for calendar years 1987 and 1988 tax liabilities.

As the table shows, in 1987, the federal changes resulted in a net increase of about \$60 million in total liabilities. The impact of these gains was distributed unevenly across the various income categories, with persons in the lowest income category realizing a doubling of tax liability. However, this does not imply that the tax on low-income persons actually increased so substantially. In the main, these increases were on well-to-do persons who, under the old law, managed their financial affairs to have small taxable incomes but who were heavily affected by the base broadening provisions affecting capital gains and passive losses under the tax reform changes.

Significantly, the table shows that the state response--which includes the effects of the windfall and surplus rebates--more than offset these gains in 1987.

In 1988, the federal liability gains totaled an estimated \$72.3 million, with a distributional pattern similar to the one in evidence in 1987. However, in this case, the state response, in the absence of the rebate programs, did not fully counteract the federal increase, leaving the \$21.2 million windfall discussed earlier. As the table shows, the pattern of reductions in liabilities among income classes

TABLE 12
INCREASES AND DECREASES IN TAX LIABILITY
MAINE INDIVIDUAL INCOME TAX
AS A RESULT OF FEDERAL TAX REFORM AND THE STATE RESPONSE
Calendar Year 1988

Income Class	Returns with Liability DECREASES				Returns with Liability INCREASES			
	Number (000s)	Total Decrease (Mil. \$)	Average Decrease (\$)	% of All Returns in Class	Number (000s)	Total Increase (Mil. \$)	Average Increase (\$)	% of All Returns in Class
Less than \$5,000	24.6	-\$0.3	-\$11	29.3%	1.2	\$0.0	neg.	neg.
\$5,000 to 9,999	69.8	-1.6	-23	82.8	10.4	0.2	neg.	12.3
\$10,000 to 14,999	41.3	-1.9	-46	52.7	34.7	0.5	15	44.3
\$15,000 to 19,999	44.8	-1.2	-26	69.7	18.7	1.0	51	29.1
\$20,000 to 29,999	43.7	-1.4	-32	43.7	55.4	6.3	114	55.4
\$30,000 to 49,999	29.9	-2.4	-80	29.4	71.9	17.4	242	70.5
\$50,000 to 99,999	11.0	-1.8	-163	32.7	22.6	9.5	418	67.2
\$100,000 to 200,000	4.2	-2.7	-648	66.2	2.1	2.2	1,033	33.7
\$200,000 and over	2.6	-8.0	-3,063	72.9	1.0	5.2	5,136	28.1
TOTAL	272.0	-\$21.2	-\$78	48.8%	218.1	\$42.4	\$194	39.2%

Source: KPMG Peat Marwick, Policy Economics Group.

varied greatly. While the state response worked to lower liabilities for all classes, its effects varied widely. The net effect of the state changes reduced liabilities *on average* from pre-reform levels for individuals with taxable incomes under \$20,000 and for those with incomes over \$100,000. However, taxpayers in the middle to upper middle income range--\$20,000-100,000--continued to experience increased liabilities over pre-reform levels and in fact are the income categories which bear the brunt of the remaining windfall. The detailed Appendix to this report traces this impact for all of the forecast years 1987-92, but the pattern for the other years is similar. The net effect of the federal and state law changes to date has been to reduce liabilities *on average* for the low and upper income classes and to raise it for those in the middle of the income distribution from pre-reform levels.

This is not to imply, however, that every taxpayer in these categories has received an automatic increase or decrease in liability. The circumstances of individual taxpayers vary greatly, and while there may be gains or losses on average, the pattern of “winners and losers” within and among income classes is more complex. As an illustration of this complexity, Table 12 shows detailed statistics for taxpayers with gains and losses in tax liability among income classes for calendar year 1988. As the table shows, about 272,000 Maine taxpayers have tax liabilities today lower than they would have under pre-reform law, owing largely to the effects of the state response. On the other hand, 218,000 have increased liabilities.

Those with liability increases are, again, predominantly in the lower and upper income classes --just under 70 percent of all liability decreases are in the \$0-\$20,000 income range alone. In contrast, about the same percentage of those in the \$20,000-100,000 income classes experienced liability gains despite the state response. In fact, in the \$30,000-100,000 range, fully seven in ten taxpayers would have experienced increases in their state tax liability in 1988 averaging between \$242 and \$418.

What this analysis implies is that while the federal Tax Reform Act of 1986 worked to significantly increase liabilities for Maine taxpayers at all income levels, the state’s response worked well to reverse this trend for those in the lowest and highest income classes. In fact, many of the individuals in these classes now have tax liabilities lower than they did before tax reform. This average reduction in these classes was largely financed by higher liabilities on those in the middle and upper

middle income classes, the great majority of whom are paying significantly more in Maine state income taxes today than they would have under the pre-reform law.

How Maine Compares

Another part of the study conducted by the Policy Economics Group for the State was to examine the Maine individual income tax structure compared with the structures in six other selected states. The states selected for this comparison were Massachusetts, New York, Rhode Island, South Carolina, Vermont and Wisconsin. These states were selected by state officials because they are economic competitors with Maine or have unique income tax systems where comparisons were expected to provide useful contrasts to the Maine law.

Our approach in analyzing the comparative structures of the income taxes in these states was to construct models for each of the states and process our information on Maine taxpayers through them. In effect, we use the characteristics of Maine taxpayers to see how much they would pay if the comparative state's system were in effect in Maine. Table 13 summarizes the key features of the individual income taxes in these states, while Table 14 summarizes the simulation results for calendar year 1989 tax law.

One major finding from the comparisons in Table 14 is that Maine has the most progressive income tax structure among the states, with the highest top marginal rate. All of the states would have produced lower taxes for those in the upper income range than in Maine. This is related to the rate structure and method of calculating personal exemptions and standard deductions in the states. The Maine standard deduction and personal exemption credits translate into fairly low allowances for middle and upper income taxpayers compared to the systems used in the other states. Surprisingly, the Maine system even appears more progressive in its effect than the Wisconsin tax system, which is often identified as one of the most progressive nationally.

Another key point from Table 14 is that the Maine system is more productive at its current rates than all of the other systems except Wisconsin. The Maine tax structure produces about the same amount of tax liability as the systems in Massachusetts and New York and relatively similar amounts to

TABLE 13
SUMMARY OF STATE PERSONAL INCOME TAX STRUCTURES
MAINE AND SELECTED STATES
Tax Year 1989

State	Tax Rates (Range in Percentage)	Taxable Income Brackets		Personal Exemptions			Size of Standard Deduction			Major Exemptions, Deductions and Credits and Alternative Minimum Tax Provisions
		Lowest: Under	Highest: Over	Single	Joint	Dependents	%	Single	Joint	
MAINE	2.0-8.0%	\$6,000	\$30,000	\$30-65*	\$60-130*	\$30-65*	—	\$60*	\$100*	Deductions/Exemptions: Social Security benefits; moving expenses; IRAs . Minimum tax: 3% of federal alternative minimum taxable income.
Massachusetts	5.0-10.0**	Flat Rate	Flat Rate	2,200	4,400	1,000	—	—	—	Deductions/Exemptions: Special individual exemptions for blind head of house- hold and for those over 65; medical expenses deducted on federal tax return; Social Security tax, U.S. or state retirement contributions paid (up to \$2,000); total expenses claimed for federal child or dependent care tax credit; one half of rent on primary residence not to exceed \$2,500; employee business expenses. Credits: low income credit; taxes paid to other states; solar/wind.
New York	4.0-7.875	5,500	26,000	0	0	1,000	—	4,750	9,500	Deductions/Exemptions: medical expenses exceeding 7.5% of AGI; home mortgage interest; taxes paid except sales and income; charitable contributions; certain employee business expenses; a two-earner marriage deduction; interest income from federal obligations; Social Security benefits; state pension benefits; certain other pension income; state income tax refunds.. Credits: taxes paid other states; child care credit; investment credit of 4% of qualified investment spending; non-resident credit. Minimum tax: 6% of federal minimum taxable income.
Rhode Island	22.96% of federal liability	—	—	—	—	—	—	—	—	Credits: low-income circuit breaker tax credit on property taxes; taxes paid other states; energy credit; investment credit.
South Carolina	3.0-7.0	4,000	10,000	Same as federal			Same as federal			Deductions/Exemptions: Interest income from federal debt obligations; Social Security and disability benefits included in federal taxable income; federal, military and private pensions up to \$3,000; all South Carolina pension income. Credits: child/dependent care, taxes paid other states; two-earner credit.
Vermont	25% of federal liability	—	—	—	—	—	—	—	—	Deductions/Exemptions: Interest income from federal debt obligations; full-time military pay; certain long-term capital gains for those over 65; Credits: circuit breaker credit against property tax payments; taxes paid other states; credit for full-time students; low-income credit; a credit for sales tax paid for taxpayers not claimed on another taxpayer's return.
Wisconsin	4.9-6.93	7,500	15,000	0	0	50*	—	5,200+	8,900+	Deductions/Exemptions: Interest from federal debt obligations; lump sum distribution under federal law; unemployment compensation; medical expenses; home mortgage interest; other interest allowed by federal law up to \$1,200; contributions; moving expenses. Credits: property tax credit equal to 8.5% of property tax paid or equivalent for tenants; taxes paid other states. Minimum tax: 6.5% of federal minimum taxable income.

Source: KPMG Peat Marwick, Policy Economics Group.

* Tax credits; personal exemption credits vary with income.

** 10% (flat rate) imposed on net gains, interest and dividends. No tax is imposed on a single person whose gross income is \$8,000 or less (\$12,000 married). Social Security (FICA) taxes are deducted from taxable income up to \$2,000 per taxpayer.

+ The standard deduction is gradually phased-out as income increases; the deduction is completely phased out at \$50,830 of adjusted gross income for single filers, \$55,000 of adjusted gross income for joint filers.

TABLE 14
COMPARATIVE IMPACT OF SELECTED STATE INDIVIDUAL INCOME TAX STRUCTURES
ON MAINE TAXPAYERS
Calendar Year 1989 Liabilities
(Millions of Dollars)

<u>Massachusetts</u>					<u>New York</u>				
<u>Income Class</u>	<u>Maine Tax Law</u>	<u>Massachusetts Tax Law</u>	<u>Difference</u>		<u>Income Class</u>	<u>Maine Tax Law</u>	<u>New York Tax Law</u>	<u>Difference</u>	
			<u>Amount</u>	<u>% Change</u>				<u>Amount</u>	<u>% Change</u>
Less than \$5,000	\$0.0	\$0.0	\$0.0	0.0%	Less than \$5,000	\$0.0	\$0.6	-\$0.5	0.0%
\$5,000 to 9,999	3.1	3.7	-0.7	-18.4	\$5,000 to 9,999	3.1	7.3	-4.2	-57.9
\$10,000 to 14,999	11.4	22.2	-10.8	-48.6	\$10,000 to 14,999	11.4	14.6	-3.2	-21.9
\$15,000 to 19,999	24.1	35.5	-11.4	-32.1	\$15,000 to 19,999	24.1	27.1	-3.0	-11.1
\$20,000 to 29,999	69.6	92.6	-23.0	-24.8	\$20,000 to 29,999	69.6	71.7	-2.1	-2.9
\$30,000 to 49,999	165.6	169.6	-4.1	-2.4	\$30,000 to 49,999	165.6	157.9	7.7	4.8
\$50,000 to 99,999	120.8	102.0	18.8	18.4	\$50,000 to 99,999	120.8	112.7	8.0	7.1
\$100,000 to 200,000	54.9	43.4	11.4	26.4	\$100,000 to 200,000	54.9	52.7	2.2	4.1
\$200,000 and over	106.0	80.6	25.4	31.5	\$200,000 and over	106.0	104.2	1.8	1.7
TOTAL	\$555.3	\$549.7	\$5.6	1.0%	TOTAL	\$555.3	\$548.8	\$6.5	1.2%

<u>South Carolina</u>					<u>Rhode Island</u>				
<u>Income Class</u>	<u>Maine Tax Law</u>	<u>South Carolina Tax Law</u>	<u>Difference</u>		<u>Income Class</u>	<u>Maine Tax Law</u>	<u>Rhode Island Tax Law</u>	<u>Difference</u>	
			<u>Amount</u>	<u>% Change</u>				<u>Amount</u>	<u>% Change</u>
Less than \$5,000	\$0.0	\$0.3	-\$0.3	0.0%	Less than \$5,000	\$0.0	-\$1.2	\$1.2	0.0%
\$5,000 to 9,999	3.1	4.6	-1.5	-33.0	\$5,000 to 9,999	3.1	2.6	0.5	17.3
\$10,000 to 14,999	11.4	10.9	0.4	4.6	\$10,000 to 14,999	11.4	9.7	1.7	17.5
\$15,000 to 19,999	24.1	24.2	-0.1	-0.4	\$15,000 to 19,999	24.1	19.1	5.0	26.2
\$20,000 to 29,999	69.6	70.6	-1.0	-1.4	\$20,000 to 29,999	69.6	51.4	18.2	35.4
\$30,000 to 49,999	165.6	162.7	2.9	1.8	\$30,000 to 49,999	165.6	106.7	58.9	55.2
\$50,000 to 99,999	120.8	107.7	13.1	12.1	\$50,000 to 99,999	120.8	77.5	43.3	55.9
\$100,000 to 200,000	54.9	47.9	7.0	14.5	\$100,000 to 200,000	54.9	39.8	15.1	37.8
\$200,000 and over	106.0	89.7	16.3	18.2	\$200,000 and over	106.0	77.9	28.1	36.0
TOTAL	\$555.3	\$518.6	\$36.8	7.1%	TOTAL	\$555.3	\$383.5	\$171.8	44.8%

TABLE 14
COMPARATIVE IMPACT OF SELECTED STATE INDIVIDUAL INCOME TAX STRUCTURES
ON MAINE TAXPAYERS
(Continued)

		Vermont					Wisconsin		
Income Class	Maine Tax Law	Vermont Tax Law	Difference		Income Class	Maine Tax Law	Wisconsin Tax Law	Difference	
			Amount	% Change				Amount	% Change
Less than \$5,000	\$0.0	-\$4.2	\$4.2	0.0%	Less than \$5,000	\$0.0	\$0.0	\$0.0	0.0%
\$5,000 to 9,999	3.1	-1.0	4.1	-405.0	\$5,000 to 9,999	3.1	2.7	0.4	15.1
\$10,000 to 14,999	11.4	9.3	2.1	23.2	\$10,000 to 14,999	11.4	15.6	-4.2	-26.7
\$15,000 to 19,999	24.1	20.8	3.3	16.3	\$15,000 to 19,999	24.1	30.0	-5.9	-19.7
\$20,000 to 29,999	69.6	55.6	14.0	25.2	\$20,000 to 29,999	69.6	89.5	-19.9	-22.2
\$30,000 to 49,999	165.6	116.4	49.2	42.2	\$30,000 to 49,999	165.6	187.2	-21.6	-11.5
\$50,000 to 99,999	120.8	84.4	36.4	43.1	\$50,000 to 99,999	120.8	114.7	6.1	5.3
\$100,000 to 200,000	54.9	44.6	10.3	23.0	\$100,000 to 200,000	54.9	47.5	7.4	15.5
\$200,000 and over	106.0	87.1	18.9	21.6	\$200,000 and over	106.0	81.5	24.5	30.0
TOTAL	\$555.3	\$412.9	\$142.4	34.5%	TOTAL	\$555.3	\$568.6	-\$13.3	-2.3%

Source: KPMG Peat Marwick, Policy Economics Group.

Note: Tax liabilities for the selected states were estimated using the individual state's law and information for Maine taxpayers.

Columns may not add to totals due to rounding.

the tax structures used in South Carolina and Wisconsin. It produces considerably more at all levels than the Rhode Island and Vermont structures. The tax structures in these states are more limited in their scope than the Maine system.

Tax Policy Alternatives

The final task that the Policy Economics Group undertook as part of the study of the Maine individual income tax was to examine the impact of various alternatives to the current state structure. Essentially, for this analysis, we have looked at four options representing two alternative approaches to income taxation. These options are summarized in Table 15. Detailed information on each of the options is shown in Appendix B of this volume of the report.

The first two options would shift the Maine tax system to a structure based on a percentage of federal tax liability. In effect, taxpayers would simply take some percentage of the liability they calculate on their federal tax returns and would pay it to the State. This approach is similar to the approach used in Rhode Island and Vermont.

Two versions of this approach have been introduced in the Maine Legislature during the current regular session. The alternatives we have analyzed follow the versions before the Legislature, but their rates have been adjusted to reflect revenue neutrality with the current tax law. One of these is a flat percentage of federal liability; the other has a graduated rate schedule. (See Table 15.)

Table 16 shows the distributional effects of the two options for calendar 1989 liabilities. As the table shows, the graduated rate approach would produce significant reductions in liability for the middle income taxpayers but would significantly increase taxes for the lower and upper income ranges. The flat rate approach would have similar effects, with a particularly large increase in liabilities in the \$5,000-10,000 income class.

The other two options are based on returning the Maine income tax structure to the deduction approach for the standard deduction and personal exemption that was in effect before tax reform and the state response. Table 15 summarizes the two versions of this approach that were analyzed. The key features of the approach are:

TABLE 15
SELECTED ALTERNATIVES FOR THE MAINE INDIVIDUAL INCOME TAX

Option	Tax Rates (Range in Percentage)	Taxable Income Brackets		Personal Exemptions (1989)			Size of Standard Deduction		Indexing	Revenue Impact
		Lowest: Under	Highest: Over	Single	Joint	Dependents	Single	Joint		
1. Tax as a Graduated Percent of Federal Tax Liability	26-39% of federal liability	\$2,000	\$8,000	-	-	-	-	-	Follows federal approach.	Equals current law.
2. Tax as a Fixed Percent of Federal Tax Liability	32.3% of federal liability	-	-	-	-	-	-	-	Follows federal approach.	Equals current law.
3. Return to Federal Approach to Exemptions and Standard Deductions	2.0-8.5%	\$4,000	\$32,000	\$2,000	\$4,000	\$2,000	--Same as Federal--		Indexing from 1988 base; standard deduction conforms to federal in all years; rate brackets and exemptions indexed to extent that CPI exceeds 4%. Eliminates current personal exemption and standard deduction credits.	Equals pre-reform law.
4. Same as Option 3. with Alternative Indexing Approach	2.0-8.5%	\$4,000	\$32,000	\$2,000	\$4,000	\$2,000	--Same as Federal--		Indexing from 1988 base; standard deduction conforms to federal in all years; exemptions indexed to the extent that growth in CPI exceeds 3%; no indexing of brackets. Eliminates current personal exemptions and standard deduction credits.	Equals pre-reform law.

Source: KPMG Peat Marwick, Policy Economics Group.

* These options are based on discussions with Maine officials and are designed to accomplish different policy goals. They are not specific recommendations.

TABLE 16
COMPARISON OF MAINE INCOME TAX POLICY ALTERNATIVES
WITH EFFECTS OF CURRENT MAINE TAX LAW
OPTIONS 1 AND 2
Calendar Year 1989 Liabilities
(Millions of Dollars)

Income Class	Current Maine Tax Law	Option 1* Revised Tax Law	Difference	
			Amount	% Change
Less than \$5,000	\$0.0	\$0.4	\$0.4	--
\$5,000 to 9,999	3.1	6.3	3.3	106.6
\$10,000 to 14,999	11.4	12.8	1.4	12.3
\$15,000 to 19,999	24.1	22.3	-1.8	-7.5
\$20,000 to 29,999	69.6	62.5	-7.1	-10.2
\$30,000 to 49,999	165.6	138.7	-26.9	-16.2
\$50,000 to 99,999	120.8	113.3	-7.5	-6.2
\$100,000 to 200,000	54.9	66.0	11.2	20.3
\$200,000 and over	106.0	133.4	27.5	25.9
TOTAL	\$555.3	\$555.7	\$0.4	0.1 %

Income Class	Current Maine Tax Law	Option 2* Revised Tax Law	Difference	
			Amount	% Change
Less than \$5,000	\$0.0	\$0.5	\$0.5	--
\$5,000 to 9,999	3.1	7.8	4.7	154.1
\$10,000 to 14,999	11.4	15.6	4.3	37.8
\$15,000 to 19,999	24.1	27.4	3.3	13.7
\$20,000 to 29,999	69.6	73.3	3.7	5.3
\$30,000 to 49,999	165.6	150.5	-15.0	-9.1
\$50,000 to 99,999	120.8	110.6	-10.1	-8.4
\$100,000 to 200,000	54.9	57.6	2.7	4.9
\$200,000 and over	106.0	111.4	5.4	5.1
TOTAL	\$555.3	\$554.8	-\$0.5	-0.1 %

Source: KPMG Peat Marwick, Policy Economics Group.

* For a complete description of the options, see Table 15. Both of these options are based on changing the tax to a percentage of federal tax liability.

Columns may not add to totals due to rounding.

- Elimination of the current standard deduction and personal exemption credits.
- Replacement of the credits with a standard deduction conforming to federal law and personal exemptions conforming to the federal deduction.
- Rates similar to the current rate structure, ranging from 2.0 percent to a top marginal rate of 8.5 percent.
- It eliminates the remaining federal windfall and the revenue imbalance problems in out years discussed earlier.

The chief way that the two options differ is in their indexing provisions. The alternative labeled “Option 3” would conform the standard deduction to federal law but would index rate brackets and exemptions only when inflation topped four percent. Option 4 would also conform the standard deduction to federal indexing procedures but would only index exemptions when inflation exceeded three percent. There would be no indexing of rate brackets under Option 4.

Table 17 shows the distributional impact of these options. It should be underscored that the comparisons are to tax liability levels that would have held under pre-reform Maine law. The year illustrated is calendar year 1990. These changes from the approach shown in Table 16 are necessitated because we were attempting to develop options in this case which eliminate the remaining federal windfall--and hence return the tax system to its pre-reform levels--and we have to show 1990 to show the effects of the change in indexing provisions.

As the table shows, it is clearly possible to design structures along these lines which eliminate the remaining windfall and which even out the distributional effects caused by the federal changes and state response. For example, Option 4 would reduce taxes slightly on average for those in the low and middle income ranges and would increase them slightly for those in the upper income range. The net effect would be very similar to the pre-reform tax liability total. The approach would have the advantage of not producing a drag on overall income tax growth in later years as the current system of state responses will. Its bottom line effect can be expected to closely parallel the liability that would have been produced by pre-reform Maine law into the future.

While the Policy Economics Group does not endorse any approach to future Maine individual income tax policy over others, we believe the approach outlines in Options 3 and 4 demonstrate that a

TABLE 17
COMPARISON OF MAINE INCOME TAX POLICY ALTERNATIVES
WITH EFFECTS OF PRE-REFORM MAINE TAX LAW
OPTIONS 3 AND 4
Calendar Year 1990 Liabilities
(Millions of Dollars)

Income Class	Pre-Reform Maine Tax Law**	Option 3* Revised Tax Law	Difference	
			Amount	% Change
Less than \$5,000	\$0.3	\$0.2	-\$0.1	-33.3%
\$5,000 to 9,999	4.6	3.5	-1.1	-23.9
\$10,000 to 14,999	13.8	10.4	-3.4	-24.6
\$15,000 to 19,999	22.7	20.0	-2.7	-11.9
\$20,000 to 29,999	66.9	62.4	-4.5	-6.7
\$30,000 to 49,999	163.4	160.8	-2.6	-1.6
\$50,000 to 99,999	134.8	139.5	4.7	3.5
\$100,000 to 200,000	56.8	58.3	1.4	2.8
\$200,000 and over	122.0	127.5	5.5	4.5
TOTAL	\$585.2	\$582.6	-\$2.7	-0.5%

Income Class	Pre-Reform Maine Tax Law**	Option 4* Revised Tax Law	Difference	
			Amount	% Change
Less than \$5,000	\$0.3	\$0.2	neg.	0.0%
\$5,000 to 9,999	4.6	3.5	-1.1	-23.9
\$10,000 to 14,999	13.8	10.4	-3.4	-24.6
\$15,000 to 19,999	22.7	20.1	-2.6	-11.5
\$20,000 to 29,999	66.9	62.6	-4.3	-6.4
\$30,000 to 49,999	163.4	161.3	-2.1	-1.3
\$50,000 to 99,999	134.8	139.8	5.0	3.7
\$100,000 to 200,000	56.8	58.3	1.5	2.8
\$200,000 and over	122.0	127.5	5.6	4.6
TOTAL	\$585.2	\$583.6	-\$1.6	-0.3%

Source: KPMG Peat Marwick, Policy Economics Group.

* For a complete description of the options, see Table 15. Both of these options are based on replacing the current exemption and deduction credits with a system that more closely parallels the federal approach to deductions and exemptions.

** These options are compared to Maine tax law as it existed prior to the implementation of the Tax Reform Act of 1986. The policy goal is to produce alternatives that are essentially neutral compared with that law. Because the current law continues to produce a liability windfall above pre-reform law, these options would result in a small reduction in current state income tax receipts if enacted as described. Calendar year 1990 liabilities are used for this comparison so that the full effects of the indexing provisions will appear in the data.

Columns may not add to totals due to rounding.

valid range of alternatives are available for dealing with the remaining federal tax reform liability gains and with current structural problems with the Maine individual income tax should the State elect to do so.

APPENDIX A
SUMMARY STATE LIABILITY ESTIMATES
FOR THE MAINE INDIVIDUAL INCOME TAX
CALENDAR YEARS 1986-92

This set of tables provides a detailed analysis by year of: (1) the capital gains acceleration in 1986; (2) the total “windfall” in Maine tax liabilities resulting from coupling with federal law changes; (3) the distributional effects of the windfall and surplus rebates; (4) the effects of Maine state responses to the federal reforms; and (5) a summary table for all effects.

CALENDAR YEAR 1986

STATE TAX LIABILITY FOR STATE

Plan X: 1986 FEDERAL LAW
1986 MAINE LAW

Plan Y: 1986 FEDERAL LAW w/CG ACCEL
1986 MAINE LAW

Income Classifier: PRE-TAX REFORM FEDERAL AGI
Level of Income: 1986

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	307	79.7	27.3	27.3	130.6	131.4	.7	31.8	31.8	.0
5000 < 10000	293	85.3	80.3	80.8	630.2	632.0	1.8	315.6	316.7	1.2
10000 < 15000	236	76.8	74.6	74.7	935.6	940.4	4.8	579.8	583.9	4.1
15000 < 20000	220	60.2	59.4	59.4	1038.3	1046.8	8.5	700.9	708.6	7.7
20000 < 30000	457	90.3	89.6	89.6	2216.8	2229.9	13.1	1570.9	1580.9	10.0
30000 < 50000	473	87.0	86.7	86.7	3245.7	3271.2	25.4	2467.1	2492.9	25.8
50000 < 100000	542	24.8	24.7	24.7	1507.4	1548.8	41.4	1192.1	1231.3	39.2
100000 < 200000	473	4.0	4.0	4.0	510.6	532.9	22.3	425.9	448.3	22.4
200000 < *****	888	2.0	2.0	2.0	1021.4	1115.3	93.9	907.7	1001.5	93.8
TOTALS	3889	510.0	448.6	449.3	11236.7	11448.6	211.9	8191.7	8395.8	204.1

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.3	.3	140.5	140.5	120.6	120.6	.0	.0	.0	.0
5000 < 10000	5.4	5.4	172.7	172.7	151.0	151.0	.3	.3	.0	.0
10000 < 15000	9.8	9.8	193.3	193.7	165.0	165.0	.9	.9	.0	.0
15000 < 20000	10.7	10.7	191.9	192.7	145.8	145.8	.9	.9	.0	.0
20000 < 30000	40.3	40.3	405.9	405.5	247.4	247.4	3.3	3.3	.0	.0
30000 < 50000	61.2	61.2	517.1	516.7	263.6	263.6	10.6	10.8	.0	.0
50000 < 100000	21.2	21.2	236.6	236.2	83.0	83.0	18.3	18.6	.0	.3
100000 < 200000	3.8	3.8	72.2	72.1	13.1	13.1	9.4	9.8	.0	.0
200000 < *****	2.0	2.0	107.6	107.6	6.2	6.2	19.8	22.1	.0	.0
TOTALS	154.8	154.8	2037.8	2037.7	1195.6	1195.6	63.3	66.6	.2	.4

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.3	.3	.0	.0	.0	.0	.3	.3	.0
5000 < 10000	4.8	4.9	.0	.0	.0	.0	4.8	4.9	.0
10000 < 15000	13.7	13.9	.2	.0	.0	.0	13.7	13.9	.2
15000 < 20000	20.8	21.2	.4	.0	.0	.0	20.8	21.2	.4
20000 < 30000	58.1	58.6	.6	.0	.0	.0	58.1	58.6	.6
30000 < 50000	117.5	119.4	1.9	.0	.0	.0	117.5	119.4	1.9
50000 < 100000	62.9	66.6	3.6	.0	.0	.0	62.9	66.6	3.6
100000 < 200000	27.2	29.0	1.8	.0	.0	.0	27.2	29.0	1.8
200000 < *****	67.9	75.0	7.1	.0	.0	.0	67.9	75.0	7.1
TOTALS	373.3	388.9	15.6	.0	.0	.0	373.3	388.9	15.6

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR STATE

Plan X: 1986 FEDERAL LAW
1986 MAINE LAW

Income Classifier: PRE-TAX REFORM FEDERAL AGI
Level of Income: 1986

Plan Y: 1986 FEDERAL LAW w/CG ACCEL
1986 MAINE LAW

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
					TAX DECREASES		TAX INCREASES			
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
***** < 5000	0.	.000	0.	.000	0.	.000	0.	.000	0.	.000
5000 < 10000	0.	.000	0.	.000	0.	.000	643.	.004	0.	.000
10000 < 15000	0.	.000	107.	.001	433.	-.002	493.	.004	0.	.000
15000 < 20000	0.	.000	0.	.000	0.	.000	617.	.007	0.	.000
20000 < 30000	0.	.000	31.	.003	0.	.000	5116.	.367	0.	.000
30000 < 50000	0.	.000	0.	.000	755.	-.008	10460.	1.480	0.	.000
50000 < 100000	0.	.000	0.	.000	437.	-.008	8130.	3.062	0.	.000
100000 < 200000	0.	.000	0.	.000	197.	-.003	2406.	1.710	0.	.000
200000 <*****	0.	.000	0.	.000	0.	.000	1793.	7.029	4.	.045
ITEMIZED	0.	.000	138.	.004	1821.	-.021	29659.	13.663	4.	.045
***** < 5000	0.	.000	0.	.000	0.	.000	426.	.000	0.	.000
5000 < 10000	0.	.000	0.	.000	0.	.000	3481.	.018	0.	.000
10000 < 15000	0.	.000	0.	.000	116.	.000	3110.	.183	0.	.000
15000 < 20000	0.	.000	0.	.000	0.	.000	4090.	.346	0.	.000
20000 < 30000	0.	.000	0.	.000	0.	.000	4391.	.211	0.	.000
30000 < 50000	0.	.000	0.	.000	422.	-.012	2325.	.429	0.	.000
50000 < 100000	0.	.000	0.	.000	117.	-.001	909.	.595	0.	.000
100000 < 200000	0.	.000	0.	.000	0.	.000	107.	.104	0.	.000
200000 <*****	0.	.000	0.	.000	0.	.000	26.	.063	0.	.000
STANDARD	0.	.000	0.	.000	655.	-.014	18865.	1.949	0.	.000
***** < 5000	0.	.000	0.	.000	0.	.000	426.	.000	0.	.000
5000 < 10000	0.	.000	0.	.000	0.	.000	4124.	.022	0.	.000
10000 < 15000	0.	.000	107.	.001	549.	-.003	3603.	.187	0.	.000
15000 < 20000	0.	.000	0.	.000	0.	.000	4707.	.353	0.	.000
20000 < 30000	0.	.000	31.	.003	0.	.000	9507.	.579	0.	.000
30000 < 50000	0.	.000	0.	.000	1177.	-.020	12785.	1.910	0.	.000
50000 < 100000	0.	.000	0.	.000	554.	-.009	9040.	3.657	0.	.000
100000 < 200000	0.	.000	0.	.000	197.	-.003	2512.	1.813	0.	.000
200000 <*****	0.	.000	0.	.000	0.	.000	1819.	7.092	4.	.045
TOTAL	0.	.000	138.	.004	2477.	-.034	48524.	15.613	4.	.045

CALENDAR YEAR 1987

Policy Economics Group Personal Income Tax Model

STATE TAX LIABILITY FOR STATE

Plan X: 1986 FEDERAL LAW
1986 MAINE LAW

Plan Y: 1987 FEDERAL LAW
1986 MAINE LAW WITH WINDFALL

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1987

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	297	83.4	25.1	33.7	126.9	132.7	5.8	28.3	52.0	23.7
5000 < 10000	282	84.7	79.9	80.5	625.5	641.0	15.5	314.1	343.8	29.7
10000 < 15000	231	77.0	75.0	75.8	954.0	973.7	19.7	602.9	628.3	25.4
15000 < 20000	207	63.3	62.0	62.1	1110.4	1130.3	19.8	755.0	779.9	24.9
20000 < 30000	449	94.4	94.0	94.4	2345.6	2404.0	58.5	1693.6	1793.2	99.7
30000 < 50000	488	96.4	96.1	96.2	3666.0	3825.1	159.1	2806.6	3040.2	233.5
50000 < 100000	567	29.2	29.1	29.1	1893.4	2005.3	111.9	1528.5	1673.2	144.7
100000 < 200000	474	5.9	5.9	5.9	849.6	910.2	60.6	719.0	796.9	77.9
200000 <*****	894	2.7	2.7	2.7	1422.8	1598.1	175.3	1280.6	1481.0	200.3
TOTALS	3889	537.0	469.8	480.4	12994.2	13620.4	626.2	9728.6	10588.4	859.7

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.4	.4	148.4	148.4	125.8	84.1	.0	.0	.0	.0
5000 < 10000	5.6	5.2	173.3	168.6	146.6	135.1	.2	.3	.0	.0
10000 < 15000	9.4	7.4	196.0	188.9	157.3	157.3	1.1	1.2	.0	.0
15000 < 20000	11.1	10.8	218.3	209.6	144.1	144.1	2.0	2.1	.0	.0
20000 < 30000	42.1	34.3	410.8	369.6	241.2	241.2	2.8	2.9	.0	.0
30000 < 50000	64.6	54.3	576.5	500.9	285.2	285.2	11.1	11.9	.2	.0
50000 < 100000	24.9	22.5	275.6	242.4	92.2	92.2	30.6	33.3	.0	.0
100000 < 200000	5.9	5.6	110.8	93.5	19.9	19.9	20.7	22.9	.0	.0
200000 <*****	2.6	2.6	133.9	108.9	8.3	8.3	32.2	37.7	.0	.2
TOTALS	166.8	143.3	2243.5	2030.7	1220.6	1167.3	100.8	112.2	.3	.2

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.3	.6	.3	.0	.0	.0	.3	.6	.3
5000 < 10000	4.7	5.4	.7	.0	.0	.0	4.7	5.4	.7
10000 < 15000	14.5	15.1	.6	.0	.0	.0	14.5	15.1	.6
15000 < 20000	22.2	23.4	1.1	.0	.0	.0	22.2	23.4	1.1
20000 < 30000	66.5	73.3	6.7	.0	.0	.0	66.5	73.3	6.7
30000 < 50000	136.8	155.7	18.9	.0	.0	.0	136.8	155.7	18.9
50000 < 100000	76.9	88.2	11.3	.0	.0	.0	76.9	88.2	11.3
100000 < 200000	41.8	47.4	5.6	.0	.0	.0	41.8	47.4	5.6
200000 <*****	91.7	106.4	14.7	.0	.0	.0	91.7	106.4	14.7
TOTALS	455.5	515.5	60.0	.0	.0	.0	455.5	515.5	60.0

Policy Economics Group Personal Income Tax Model

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR STATE

Plan X: 1986 FEDERAL LAW
1986 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1987

Plan Y: 1987 FEDERAL LAW
1986 MAINE LAW WITH WINDFALL

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
					TAX DECREASES		TAX INCREASES			
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
***** < 5000	0.	.000	0.	.000	0.	.000	0.	.000	0.	.000
5000 < 10000	0.	.000	262.	.004	0.	.000	3035.	.051	456.	.012
10000 < 15000	0.	.000	848.	.014	0.	.000	8217.	.220	1998.	.094
15000 < 20000	0.	.000	163.	.025	191.	.000	9860.	.551	489.	.043
20000 < 30000	0.	.000	334.	.007	0.	.000	42148.	4.701	9358.	1.191
30000 < 50000	0.	.000	79.	.056	148.	.000	64307.	15.880	10645.	2.368
50000 < 100000	0.	.000	0.	.000	32.	.000	24739.	10.503	2484.	1.059
100000 < 200000	0.	.000	0.	.000	74.	-.006	5789.	5.524	224.	.251
200000 <*****	0.	.000	0.	.000	20.	.000	2613.	14.645	49.	.309
ITEMIZED	0.	.000	1686.	.107	465.	-.008	160707.	52.074	25703.	5.328
***** < 5000	0.	.000	9293.	.074	1302.	.000	26748.	.314	0.	.000
5000 < 10000	0.	.000	133.	.000	6427.	-.005	28485.	.628	0.	.000
10000 < 15000	0.	.000	0.	.000	3085.	-.005	31759.	.365	0.	.000
15000 < 20000	0.	.000	0.	.000	5084.	-.019	20188.	.616	186.	.045
20000 < 30000	0.	.000	0.	.000	2428.	-.014	30998.	2.045	1521.	.352
30000 < 50000	0.	.000	0.	.000	1193.	-.010	23439.	3.072	330.	.132
50000 < 100000	0.	.000	0.	.000	208.	-.003	3925.	.815	154.	.075
100000 < 200000	0.	.000	0.	.000	0.	.000	68.	.036	0.	.000
200000 <*****	0.	.000	0.	.000	0.	.000	74.	.084	0.	.000
STANDARD	0.	.000	9426.	.074	19727.	-.057	165684.	7.975	2192.	.606
***** < 5000	0.	.000	9293.	.074	1302.	.000	26748.	.314	0.	.000
5000 < 10000	0.	.000	394.	.004	6427.	-.005	31520.	.678	456.	.012
10000 < 15000	0.	.000	848.	.014	3085.	-.005	39976.	.585	1998.	.094
15000 < 20000	0.	.000	163.	.025	5275.	-.020	30048.	1.167	675.	.088
20000 < 30000	0.	.000	334.	.007	2428.	-.014	73146.	6.747	10879.	1.543
30000 < 50000	0.	.000	79.	.056	1341.	-.011	87747.	18.952	10975.	2.500
50000 < 100000	0.	.000	0.	.000	240.	-.003	28664.	11.317	2638.	1.134
100000 < 200000	0.	.000	0.	.000	74.	-.006	5857.	5.560	224.	.251
200000 <*****	0.	.000	0.	.000	20.	.000	2687.	14.728	49.	.310
TOTAL	0.	.000	11112.	.181	20192.	-.064	326391.	60.049	27895.	5.933

STATE TAX LIABILITY FOR STATE

Plan X: 1987 FEDERAL LAW
1986 MAINE LAW WITH WINDFALL

Plan Y: 1987 FEDERAL LAW
1987 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1987

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	297	83.4	33.7	7.4	132.7	132.7	.0	52.0	21.4	-30.6
5000 < 10000	282	84.7	80.5	36.9	641.0	641.0	.0	343.8	205.5	-138.3
10000 < 15000	231	77.0	75.8	53.3	973.7	973.7	.0	628.3	490.8	-137.4
15000 < 20000	207	63.3	62.1	55.0	1130.3	1130.3	.0	779.9	714.7	-65.1
20000 < 30000	449	94.4	94.4	88.2	2404.0	2404.0	.0	1793.2	1718.6	-74.6
30000 < 50000	488	96.4	96.2	94.6	3825.1	3825.1	.0	3040.2	3010.5	-29.7
50000 < 100000	567	29.2	29.1	28.9	2005.3	2005.3	.0	1673.2	1669.5	-3.7
100000 < 200000	474	5.9	5.9	5.9	910.2	910.2	.0	796.9	794.6	-2.3
200000 <*****	894	2.7	2.7	2.7	1598.1	1598.1	.0	1481.0	1477.3	-3.6
TOTALS	3889	537.0	480.4	373.0	13620.4	13620.4	.0	10588.4	10103.0	-485.3

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.4	.4	143.4	148.4	84.1	84.1	.0	.0	.0	.0
5000 < 10000	5.2	5.2	168.6	168.6	135.1	135.1	.3	1.1	.0	.0
10000 < 15000	7.4	7.4	188.9	188.9	157.3	157.3	1.2	3.6	.0	.0
15000 < 20000	10.8	10.8	209.6	209.6	144.1	144.1	2.1	6.2	.0	.0
20000 < 30000	34.3	34.3	369.6	369.6	241.2	241.2	2.9	16.0	.0	.0
30000 < 50000	54.3	54.3	500.9	500.9	285.2	285.2	11.9	38.8	.0	.0
50000 < 100000	22.5	22.5	242.4	242.4	92.2	92.2	33.3	45.6	.0	.0
100000 < 200000	5.6	5.6	93.5	93.5	19.9	19.9	22.9	27.3	.0	.0
200000 <*****	2.6	2.6	108.9	108.9	8.3	8.3	37.7	45.0	.2	.0
TOTALS	143.3	143.3	2030.7	2030.7	1167.3	1167.3	112.2	183.7	.2	.0

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.6	.2	-.4	.0	.0	.0	.6	.2	-.4
5000 < 10000	5.4	2.9	-2.5	.0	.0	.0	5.4	2.9	-2.5
10000 < 15000	15.1	10.7	-4.4	.0	.0	.0	15.1	10.7	-4.4
15000 < 20000	23.4	18.0	-5.3	.0	.0	.0	23.4	18.0	-5.3
20000 < 30000	73.3	58.7	-14.6	.0	.0	.0	73.3	58.7	-14.6
30000 < 50000	155.7	127.7	-28.0	.0	.0	.0	155.7	127.7	-28.0
50000 < 100000	88.2	75.7	-12.5	.0	.0	.0	88.2	75.7	-12.5
100000 < 200000	47.4	42.6	-4.8	.0	.0	.0	47.4	42.6	-4.8
200000 <*****	106.4	98.6	-7.8	.0	.0	.0	106.4	98.6	-7.8
TOTALS	515.5	435.2	-80.3	.0	.0	.0	515.5	435.2	-80.3

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR STATE

Plan X: 1987 FEDERAL LAW
 1986 MAINE LAW WITH WINDFALL
 Income Classifier: PRE-TAX REFORM STATE AGI
 Level of Income: 1987

Plan Y: 1987 FEDERAL LAW
 1987 MAINE LAW
 Filing Status: ALL
 Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
					TAX DECREASES		TAX INCREASES			
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
***** < 5000	0.	.000	0.	.000	0.	.000	0.	.000	0.	.000
5000 < 10000	2074.	-.064	0.	.000	2578.	-.069	0.	.000	0.	.000
10000 < 15000	4368.	-.354	0.	.000	6434.	-.440	0.	.000	0.	.000
15000 < 20000	2940.	-.408	0.	.000	9748.	-.994	0.	.000	0.	.000
20000 < 30000	5265.	-1.153	0.	.000	34311.	-5.586	0.	.000	0.	.000
30000 < 50000	1586.	-.887	0.	.000	54140.	-16.615	0.	.000	0.	.000
50000 < 100000	119.	-.199	0.	.000	22440.	-9.994	0.	.000	0.	.000
100000 < 200000	50.	-.332	0.	.000	5638.	-4.520	0.	.000	0.	.000
200000 < *****	11.	-.479	0.	.000	2585.	-7.666	0.	.000	0.	.000
ITEMIZED	16412.	-3.876	0.	.000	137875.	-45.885	0.	.000	0.	.000
***** < 5000	25146.	-.316	0.	.000	33681.	-.367	0.	.000	0.	.000
5000 < 10000	41322.	-1.612	0.	.000	77909.	-2.444	0.	.000	0.	.000
10000 < 15000	18220.	-1.480	0.	.000	69372.	-3.913	0.	.000	0.	.000
15000 < 20000	4156.	-.678	0.	.000	52348.	-4.353	0.	.000	0.	.000
20000 < 30000	925.	-.253	0.	.000	60041.	-8.995	0.	.000	0.	.000
30000 < 50000	0.	.000	0.	.000	42084.	-11.388	0.	.000	0.	.000
50000 < 100000	0.	.000	0.	.000	6628.	-2.543	0.	.000	0.	.000
100000 < 200000	0.	.000	0.	.000	292.	-.231	0.	.000	0.	.000
200000 < *****	0.	.000	0.	.000	122.	-.179	0.	.000	0.	.000
STANDARD	89769.	-4.339	0.	.000	342477.	-34.413	0.	.000	0.	.000
***** < 5000	25146.	-.316	0.	.000	33681.	-.367	0.	.000	0.	.000
5000 < 10000	43396.	-1.676	0.	.000	80487.	-2.513	0.	.000	0.	.000
10000 < 15000	22588.	-1.834	0.	.000	75806.	-4.353	0.	.000	0.	.000
15000 < 20000	7096.	-1.086	0.	.000	62095.	-5.347	0.	.000	0.	.000
20000 < 30000	6190.	-1.406	0.	.000	94352.	-14.581	0.	.000	0.	.000
30000 < 50000	1586.	-.887	0.	.000	96224.	-28.003	0.	.000	0.	.000
50000 < 100000	119.	-.199	0.	.000	29068.	-12.538	0.	.000	0.	.000
100000 < 200000	50.	-.332	0.	.000	5931.	-4.751	0.	.000	0.	.000
200000 < *****	11.	-.479	0.	.000	2707.	-7.845	0.	.000	0.	.000
TOTAL	106181.	-8.216	0.	.000	480352.	-80.299	0.	.000	0.	.000

STATE TAX LIABILITY FOR STATE

Plan X: 1986 FEDERAL LAW
1986 MAINE LAW

Plan Y: 1987 FEDERAL LAW
1987 MAINE LAW W/REBATES

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1987

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	297	83.4	25.1	7.8	126.9	132.7	5.8	28.3	21.4	-6.9
5000 < 10000	282	84.7	79.9	36.9	625.5	641.0	15.5	314.1	205.5	-108.6
10000 < 15000	231	77.0	75.0	53.3	954.0	973.7	19.7	602.9	490.8	-112.0
15000 < 20000	207	63.3	62.0	55.0	1110.4	1130.3	19.8	755.0	714.7	-40.2
20000 < 30000	449	94.4	94.0	88.2	2345.6	2404.0	58.5	1693.6	1718.6	25.0
30000 < 50000	488	96.4	96.1	94.6	3666.0	3825.1	159.1	2806.6	3010.5	203.9
50000 < 100000	567	29.2	29.1	28.9	1893.4	2005.3	111.9	1528.5	1669.5	141.0
100000 < 200000	474	5.9	5.9	5.9	849.6	910.2	60.6	719.0	794.6	75.6
200000 <*****	894	2.7	2.7	2.7	1422.8	1598.1	175.3	1280.6	1477.3	196.7
TOTALS	3889	537.0	469.8	373.3	12994.2	13620.4	626.2	9728.6	10103.0	374.4

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.4	.4	148.4	148.4	125.8	84.1	.0	.0	.0	.0
5000 < 10000	5.6	5.2	173.3	168.6	146.6	135.1	.2	1.1	.0	.0
10000 < 15000	9.4	7.4	196.0	188.9	157.3	157.3	1.1	3.6	.0	.0
15000 < 20000	11.1	10.8	218.3	209.6	144.1	144.1	2.0	6.2	.0	.0
20000 < 30000	42.1	34.3	410.8	369.6	241.2	241.2	2.8	16.0	.0	.0
30000 < 50000	64.6	54.3	576.5	500.9	285.2	285.2	11.1	38.8	.2	.0
50000 < 100000	24.9	22.5	275.6	242.4	92.2	92.2	30.6	45.6	.0	.0
100000 < 200000	5.9	5.6	110.8	93.5	19.9	19.9	20.7	27.3	.0	.0
200000 <*****	2.6	2.6	133.9	108.9	8.3	8.3	32.2	45.0	.0	.0
TOTALS	166.8	143.3	2243.5	2030.7	1220.6	1167.3	100.8	183.7	.3	.0

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.3	.2	.0	.0	.0	.0	.3	.2	.0
5000 < 10000	4.7	2.9	-1.8	.0	.0	.0	4.7	2.9	-1.8
10000 < 15000	14.5	10.7	-3.8	.0	.0	.0	14.5	10.7	-3.8
15000 < 20000	22.2	18.0	-4.2	.0	.0	.0	22.2	18.0	-4.2
20000 < 30000	66.5	58.7	-7.8	.0	.0	.0	66.5	58.7	-7.8
30000 < 50000	136.8	127.7	-9.1	.0	.0	.0	136.8	127.7	-9.1
50000 < 100000	76.9	75.7	-1.2	.0	.0	.0	76.9	75.7	-1.2
100000 < 200000	41.8	42.6	.8	.0	.0	.0	41.8	42.6	.8
200000 <*****	91.7	98.6	6.9	.0	.0	.0	91.7	98.6	6.9
TOTALS	455.5	435.2	-20.3	.0	.0	.0	455.5	435.2	-20.3

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR STATE

Plan X: 1986 FEDERAL LAW

1986 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI

Level of Income: 1987

Plan Y: 1987 FEDERAL LAW

1987 MAINE LAW W/REBATES

Filing Status: ALL

Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
					TAX DECREASES		TAX INCREASES			
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
***** < 5000	0.	.000	0.	.000	0.	.000	0.	.000	0.	.000
5000 < 10000	2268.	-.047	0.	.000	2268.	-.047	505.	.015	456.	-.002
10000 < 15000	4679.	-.301	0.	.000	6090.	-.348	1379.	.019	1998.	-.015
15000 < 20000	2817.	-.308	40.	.018	7959.	-.528	1969.	.077	489.	.015
20000 < 30000	4930.	-.767	0.	.000	31214.	-2.857	10326.	.604	9358.	-.508
30000 < 50000	1585.	-.581	77.	.041	48096.	-6.194	16358.	2.192	10645.	-1.021
50000 < 100000	119.	-.137	0.	.000	16737.	-3.146	8034.	2.633	2484.	-.043
100000 < 200000	50.	-.265	0.	.000	4163.	-1.445	1700.	2.261	224.	.069
200000 <*****	11.	-.267	0.	.000	1042.	-.943	1592.	7.790	49.	.177
ITEMIZED	16459.	-2.674	117.	.059	117568.	-15.508	41862.	15.591	25703.	-1.327
***** < 5000	15852.	-.145	0.	.000	17318.	-.146	7396.	.092	0.	.000
5000 < 10000	40733.	-1.527	0.	.000	64532.	-2.047	12631.	.240	0.	.000
10000 < 15000	17061.	-1.328	0.	.000	65626.	-3.505	1964.	.060	0.	.000
15000 < 20000	4156.	-.630	0.	.000	50212.	-3.863	1833.	.114	186.	.024
20000 < 30000	925.	-.240	0.	.000	49867.	-5.779	2337.	.185	1521.	.023
30000 < 50000	0.	.000	0.	.000	30029.	-5.377	1739.	.317	330.	.009
50000 < 100000	0.	.000	0.	.000	4039.	-.887	259.	.176	154.	-.006
100000 < 200000	0.	.000	0.	.000	65.	-.021	3.	.009	0.	.000
200000 <*****	0.	.000	0.	.000	64.	-.022	9.	.058	0.	.000
STANDARD	78727.	-3.870	0.	.000	281752.	-21.647	28171.	1.252	2192.	.050
***** < 5000	15852.	-.145	0.	.000	17318.	-.146	7396.	.092	0.	.000
5000 < 10000	43001.	-1.574	0.	.000	66800.	-2.095	13136.	.255	456.	-.002
10000 < 15000	21739.	-1.629	0.	.000	71716.	-3.853	3343.	.079	1998.	-.015
15000 < 20000	6974.	-.939	40.	.018	58171.	-4.391	3802.	.192	675.	.040
20000 < 30000	5855.	-1.007	0.	.000	81081.	-8.637	12663.	.789	10879.	-.485
30000 < 50000	1585.	-.581	77.	.041	78125.	-11.571	18097.	2.509	10975.	-1.012
50000 < 100000	119.	-.137	0.	.000	20776.	-4.033	8293.	2.809	2638.	-.049
100000 < 200000	50.	-.265	0.	.000	4227.	-1.466	1703.	2.269	224.	.069
200000 <*****	11.	-.267	0.	.000	1106.	-.965	1601.	7.848	49.	.177
TOTAL	95186.	-6.544	117.	.059	399320.	-37.156	70034.	16.842	27895.	-1.277

CALENDAR YEAR 1988

STATE TAX LIABILITY FOR STATE

Plan X: 1986 FEDERAL LAW
1986 MAINE LAW

Plan Y: 1988 FEDERAL LAW
1986 MAINE LAW WITH WINDFALL

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1988

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	290	84.2	25.8	35.1	128.9	135.3	6.4	29.7	53.2	23.4
5000 < 10000	269	84.3	80.2	80.3	629.3	639.9	10.6	324.2	351.8	27.7
10000 < 15000	224	78.5	76.1	77.1	974.6	986.1	11.4	613.4	635.3	21.9
15000 < 20000	193	64.3	63.5	63.5	1117.6	1135.1	17.5	769.8	793.0	23.2
20000 < 30000	430	100.0	99.1	99.2	2466.4	2524.1	57.7	1757.4	1863.2	105.8
30000 < 50000	517	102.0	101.7	101.8	3899.7	4059.2	159.5	2952.1	3215.4	263.4
50000 < 100000	572	33.7	33.7	33.7	2201.2	2330.4	129.2	1754.6	1938.8	184.3
100000 < 200000	474	6.3	6.3	6.3	840.9	909.0	68.2	697.6	791.7	94.1
200000 <*****	920	3.6	3.6	3.6	1691.1	1925.7	234.6	1516.1	1797.1	281.0
TOTALS	3889	557.0	490.0	500.7	13949.7	14644.8	695.1	10414.8	11439.5	1024.8

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.3	.2	149.3	149.1	126.3	84.6	.0	.0	.0	.0
5000 < 10000	5.2	4.7	174.8	169.2	140.9	127.7	.2	.3	.0	.0
10000 < 15000	9.6	6.4	207.4	194.8	157.6	157.1	.9	.9	.0	.0
15000 < 20000	9.8	9.1	209.2	203.0	139.5	139.5	1.5	1.6	.0	.0
20000 < 30000	39.4	29.1	468.2	416.6	249.6	249.6	3.8	3.9	.0	.0
30000 < 50000	67.7	55.1	656.6	551.5	293.4	293.4	10.5	11.1	.3	.0
50000 < 100000	28.7	26.4	343.7	288.2	106.3	106.3	34.0	37.1	.0	.0
100000 < 200000	6.3	5.8	123.0	97.2	20.2	20.2	14.9	17.1	.0	.0
200000 <*****	3.5	3.5	163.2	116.8	11.8	11.8	44.5	52.8	.0	.0
TOTALS	170.5	140.4	2495.5	2186.2	1245.5	1190.2	110.3	124.8	.4	.0

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.3	.6	.3	.0	.0	.0	.3	.6	.3
5000 < 10000	4.9	5.5	.6	.0	.0	.0	4.9	5.5	.6
10000 < 15000	15.0	15.6	.6	.0	.0	.0	15.0	15.6	.6
15000 < 20000	23.8	24.6	.8	.0	.0	.0	23.8	24.6	.8
20000 < 30000	67.1	74.1	7.0	.0	.0	.0	67.1	74.1	7.0
30000 < 50000	143.7	165.0	21.3	.0	.0	.0	143.7	165.0	21.3
50000 < 100000	88.0	102.7	14.7	.0	.0	.0	88.0	102.7	14.7
100000 < 200000	44.8	52.0	7.2	.0	.0	.0	44.8	52.0	7.2
200000 <*****	101.3	121.1	19.9	.0	.0	.0	101.3	121.1	19.9
TOTALS	488.9	561.2	72.3	.0	.0	.0	488.9	561.2	72.3

Policy Economics Group Personal Income Tax Model

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR STATE

Plan X: 1986 FEDERAL LAW

1986 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI

Level of Income: 1988

Plan Y: 1988 FEDERAL LAW

1986 MAINE LAW WITH WINDFALL

Filing Status: ALL

Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
					TAX DECREASES		TAX INCREASES			
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
***** < 5000	0.	.000	0.	.000	0.	.000	0.	.000	96.	.000
5000 < 10000	0.	.000	110.	.004	108.	-.001	2424.	.055	474.	.015
10000 < 15000	0.	.000	1015.	.010	0.	.000	8262.	.270	3184.	.179
15000 < 20000	0.	.000	0.	.000	0.	.000	9157.	.545	903.	.083
20000 < 30000	0.	.000	127.	.000	0.	.000	38563.	4.884	11693.	1.863
30000 < 50000	0.	.000	118.	.151	168.	-.045	67316.	18.339	12897.	3.277
50000 < 100000	0.	.000	0.	.000	0.	.000	28595.	13.574	2461.	1.147
100000 < 200000	0.	.000	0.	.000	3.	.000	6269.	7.156	480.	.248
200000 <*****	0.	.000	0.	.000	0.	.000	3510.	19.741	50.	.415
ITEMIZED	0.	.000	1369.	.165	278.	-.046	164095.	64.564	32238.	7.227
***** < 5000	0.	.000	8486.	.067	1424.	.000	26634.	.312	0.	.000
5000 < 10000	0.	.000	0.	.000	8102.	-.023	26827.	.571	0.	.000
10000 < 15000	0.	.000	0.	.000	3683.	-.036	31766.	.326	0.	.000
15000 < 20000	0.	.000	0.	.000	4210.	-.015	21999.	.304	182.	.043
20000 < 30000	0.	.000	0.	.000	2365.	-.005	34001.	2.096	1451.	.351
30000 < 50000	0.	.000	0.	.000	855.	.000	25224.	3.025	329.	.145
50000 < 100000	0.	.000	0.	.000	58.	.000	4590.	1.127	163.	.084
100000 < 200000	0.	.000	0.	.000	0.	.000	18.	.009	0.	.000
200000 <*****	0.	.000	0.	.000	0.	.000	126.	.129	0.	.001
STANDARD	0.	.000	8486.	.067	20697.	-.080	171184.	7.899	2126.	.624
***** < 5000	0.	.000	8486.	.067	1424.	.000	26634.	.312	96.	.000
5000 < 10000	0.	.000	110.	.004	8210.	-.025	29251.	.626	474.	.015
10000 < 15000	0.	.000	1015.	.010	3683.	-.036	40028.	.595	3184.	.179
15000 < 20000	0.	.000	0.	.000	4210.	-.015	31156.	.850	1086.	.127
20000 < 30000	0.	.000	127.	.000	2365.	-.005	72564.	6.980	13144.	2.215
30000 < 50000	0.	.000	118.	.151	1023.	-.045	92540.	21.364	13226.	3.422
50000 < 100000	0.	.000	0.	.000	58.	.000	33184.	14.701	2623.	1.231
100000 < 200000	0.	.000	0.	.000	3.	.000	6286.	7.164	480.	.248
200000 <*****	0.	.000	0.	.000	0.	.000	3636.	19.870	50.	.416
TOTAL	0.	.000	9855.	.232	20975.	-.126	335279.	72.463	34363.	7.851

STATE TAX LIABILITY FOR STATE

Plan X: 1988 FEDERAL LAW
1986 MAINE LAW WITH WINDFALL

Plan Y: 1988 FEDERAL LAW
1988 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1988

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	290	84.2	35.1	1.5	135.3	135.3	.0	53.2	192.0	138.8
5000 < 10000	269	84.3	80.3	48.9	639.9	639.9	.0	351.8	631.2	279.4
10000 < 15000	224	78.5	77.1	59.4	986.1	986.1	.0	635.3	962.9	327.6
15000 < 20000	193	64.3	63.5	62.9	1135.1	1135.2	.0	793.0	1113.5	320.6
20000 < 30000	430	100.0	99.2	98.7	2524.1	2524.2	.1	1863.2	2440.3	577.1
30000 < 50000	517	102.0	101.8	101.8	4059.2	4060.0	.8	3215.4	3904.1	688.6
50000 < 100000	572	33.7	33.7	33.7	2330.4	2330.8	.4	1938.8	2189.3	250.5
100000 < 200000	474	6.3	6.3	6.3	909.0	909.1	.0	791.7	841.0	49.3
200000 <*****	920	3.6	3.6	3.6	1925.7	1925.7	.0	1797.1	1826.0	28.9
TOTALS	3889	557.0	500.7	416.9	14644.8	14646.2	1.4	11439.5	14100.3	2660.8

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.2	.1	149.1	.6	84.6	.8	.0	3.1	.0	.0
5000 < 10000	4.7	4.7	169.2	9.9	127.7	5.2	.3	5.7	.0	.0
10000 < 15000	6.4	6.3	194.8	23.2	157.1	7.4	.9	6.7	.0	.0
15000 < 20000	9.1	7.6	203.0	21.6	139.5	7.5	1.6	6.6	.0	.0
20000 < 30000	29.1	26.2	416.6	87.1	249.6	13.5	3.9	12.4	.0	.0
30000 < 50000	55.1	42.0	551.5	156.1	293.4	16.0	11.1	20.3	.0	.0
50000 < 100000	26.4	22.9	288.2	143.8	106.3	3.2	37.1	36.8	.0	.0
100000 < 200000	5.8	5.2	97.2	68.1	20.2	.6	17.1	15.1	.0	.0
200000 <*****	3.5	3.4	116.8	99.7	11.8	.4	52.8	43.3	.0	.2
TOTALS	140.4	118.4	2186.2	610.2	1190.2	54.5	124.8	150.0	.0	.2

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.6	.0	-.6	.0	.0	.0	.6	.0	-.6
5000 < 10000	5.5	3.6	-2.0	.0	.0	.0	5.5	3.6	-2.0
10000 < 15000	15.6	13.6	-2.0	.0	.0	.0	15.6	13.6	-2.0
15000 < 20000	24.6	23.6	-1.0	.0	.0	.0	24.6	23.6	-1.0
20000 < 30000	74.1	72.1	-2.0	.0	.0	.0	74.1	72.1	-2.0
30000 < 50000	165.0	158.7	-6.2	.0	.0	.0	165.0	158.7	-6.2
50000 < 100000	102.7	95.7	-7.0	.0	.0	.0	102.7	95.7	-7.0
100000 < 200000	52.0	44.3	-7.6	.0	.0	.0	52.0	44.3	-7.6
200000 <*****	121.1	98.4	-22.7	.0	.0	.0	121.1	98.4	-22.7
TOTALS	561.2	510.1	-51.1	.0	.0	.0	561.2	510.1	-51.1

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR STATE

Plan X: 1988 FEDERAL LAW
1986 MAINE LAW WITH WINDFALL
Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1988

Plan Y: 1988 FEDERAL LAW
1988 MAINE LAW
Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
					TAX DECREASES		TAX INCREASES			
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
***** < 5000	0.	.000	0.	.000	0.	.000	0.	.000	120.	.000
5000 < 10000	991.	-.015	0.	.000	991.	-.015	1067.	.038	0.	.000
10000 < 15000	2881.	-.077	0.	.000	3041.	-.081	2036.	.104	114.	-.001
15000 < 20000	0.	.000	0.	.000	420.	-.017	8016.	.249	1551.	.053
20000 < 30000	516.	-.023	0.	.000	7075.	-.196	21247.	1.210	2962.	.091
30000 < 50000	0.	.000	0.	.000	21646.	-1.965	33269.	1.812	13126.	-.546
50000 < 100000	0.	.000	0.	.000	21487.	-4.956	4810.	.319	3509.	-.792
100000 < 200000	0.	.000	0.	.000	5778.	-7.154	14.	.001	612.	-.644
200000 < *****	0.	.000	0.	.000	3451.	-22.091	0.	.000	41.	-.234
ITEMIZED	4388.	-.115	0.	.000	63889.	-36.474	70458.	3.733	22035.	-2.072
***** < 5000	31317.	-.552	0.	.000	35143.	-.577	0.	.000	0.	.000
5000 < 10000	31150.	-1.044	0.	.000	73283.	-1.987	4613.	.011	0.	.000
10000 < 15000	15704.	-1.155	0.	.000	42858.	-2.097	29164.	.116	0.	.000
15000 < 20000	597.	-.050	0.	.000	48325.	-1.343	6765.	.069	0.	.000
20000 < 30000	0.	.000	0.	.000	70006.	-3.030	883.	.005	0.	.000
30000 < 50000	0.	.000	0.	.000	46617.	-6.093	309.	.002	0.	.000
50000 < 100000	0.	.000	0.	.000	7354.	-2.378	0.	.000	0.	.000
100000 < 200000	0.	.000	0.	.000	498.	-.487	0.	.000	0.	.000
200000 < *****	0.	.000	0.	.000	175.	-.612	0.	.000	0.	.000
STANDARD	78769.	-2.802	0.	.000	324259.	-18.605	41733.	.203	0.	.000
***** < 5000	31317.	-.552	0.	.000	35143.	-.577	0.	.000	120.	.000
5000 < 10000	32141.	-1.059	0.	.000	74274.	-2.002	5679.	.049	0.	.000
10000 < 15000	18585.	-1.232	0.	.000	45899.	-2.178	31200.	.221	114.	-.001
15000 < 20000	597.	-.050	0.	.000	48745.	-1.360	14781.	.318	1551.	.053
20000 < 30000	516.	-.023	0.	.000	77081.	-3.226	22130.	1.214	2962.	.091
30000 < 50000	0.	.000	0.	.000	68263.	-8.058	33578.	1.814	13126.	-.546
50000 < 100000	0.	.000	0.	.000	28840.	-7.334	4810.	.319	3509.	-.792
100000 < 200000	0.	.000	0.	.000	6276.	-7.641	14.	.001	612.	-.644
200000 < *****	0.	.000	0.	.000	3626.	-22.703	0.	.000	41.	-.234
TOTAL	83157.	-2.917	0.	.000	388148.	-55.080	112192.	3.936	22035.	-2.072

Policy Economics Group Personal Income Tax Model

STATE TAX LIABILITY FOR STATE

Plan X: 1986 FEDERAL LAW
1986 MAINE LAW

Plan Y: 1988 FEDERAL LAW
1988 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1988

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	290	84.2	25.8	1.5	128.9	135.3	6.4	29.7	192.0	162.3
5000 < 10000	269	84.3	80.2	48.9	629.3	639.9	10.6	324.2	631.2	307.1
10000 < 15000	224	78.5	76.1	59.4	974.6	986.1	11.4	613.4	962.9	349.5
15000 < 20000	193	64.3	63.5	62.9	1117.6	1135.2	17.5	769.8	1113.5	343.7
20000 < 30000	430	100.0	99.1	98.7	2466.4	2524.2	57.8	1757.4	2440.3	683.0
30000 < 50000	517	102.0	101.7	101.8	3899.7	4060.0	160.3	2952.1	3904.1	952.0
50000 < 100000	572	33.7	33.7	33.7	2201.2	2330.8	129.6	1754.6	2189.3	434.7
100000 < 200000	474	6.3	6.3	6.3	840.9	909.1	68.2	697.6	841.0	143.3
200000 <*****	920	3.6	3.6	3.6	1691.1	1925.7	234.6	1516.1	1826.0	310.0
TOTALS	3889	557.0	490.0	416.9	13949.7	14646.2	696.5	10414.8	14100.3	3685.6

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.3	.1	149.3	.6	126.3	.8	.0	3.1	.0	.0
5000 < 10000	5.2	4.7	174.8	9.9	140.9	5.2	.2	5.7	.0	.0
10000 < 15000	9.6	6.3	207.4	23.2	157.6	7.4	.9	6.7	.0	.0
15000 < 20000	9.8	7.6	209.2	21.6	139.5	7.5	1.5	6.6	.0	.0
20000 < 30000	39.4	26.2	468.2	87.1	249.6	13.5	3.8	12.4	.0	.0
30000 < 50000	67.7	42.0	656.6	156.1	293.4	16.0	10.5	20.3	.3	.0
50000 < 100000	28.7	22.9	343.7	143.8	106.3	3.2	34.0	36.8	.0	.0
100000 < 200000	6.3	5.2	123.0	68.1	20.2	.6	14.9	15.1	.0	.0
200000 <*****	3.5	3.4	163.2	99.7	11.8	.4	44.5	43.3	.0	.2
TOTALS	170.5	118.4	2495.5	610.2	1245.5	54.5	110.3	150.0	.4	.2

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.3	.0	-.3	.0	.0	.0	.3	.0	-.3
5000 < 10000	4.9	3.6	-1.4	.0	.0	.0	4.9	3.6	-1.4
10000 < 15000	15.0	13.6	-1.4	.0	.0	.0	15.0	13.6	-1.4
15000 < 20000	23.8	23.6	-.2	.0	.0	.0	23.8	23.6	-.2
20000 < 30000	67.1	72.1	5.0	.0	.0	.0	67.1	72.1	5.0
30000 < 50000	143.7	158.7	15.1	.0	.0	.0	143.7	158.7	15.1
50000 < 100000	88.0	95.7	7.7	.0	.0	.0	88.0	95.7	7.7
100000 < 200000	44.8	44.3	-.5	.0	.0	.0	44.8	44.3	-.5
200000 <*****	101.3	98.4	-2.8	.0	.0	.0	101.3	98.4	-2.8
TOTALS	488.9	510.1	21.2	.0	.0	.0	488.9	510.1	21.2

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR STATE

Plan X: 1986 FEDERAL LAW
1986 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1988

Plan Y: 1988 FEDERAL LAW
1988 MAINE LAW

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
					TAX DECREASES		TAX INCREASES			
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
***** < 5000	0.	.000	0.	.000	0.	.000	0.	.000	216.	.000
5000 < 10000	1355.	-.008	0.	.000	1355.	-.008	1067.	.068	474.	-.002
10000 < 15000	3312.	-.084	0.	.000	3631.	-.093	3617.	.262	3298.	.056
15000 < 20000	0.	.000	0.	.000	296.	-.008	8861.	.731	2455.	.163
20000 < 30000	390.	-.016	0.	.000	2011.	-.074	36425.	5.331	13983.	1.535
30000 < 50000	0.	.000	118.	.151	5961.	-.465	61522.	16.629	25768.	4.173
50000 < 100000	0.	.000	0.	.000	6826.	-1.129	21769.	9.049	5928.	.876
100000 < 200000	0.	.000	0.	.000	4151.	-2.641	2120.	2.191	1092.	-.295
200000 <*****	0.	.000	0.	.000	2505.	-7.824	1006.	5.142	90.	-.077
ITEMIZED	5056.	-.107	118.	.151	26736.	-12.242	136386.	39.404	53305.	6.429
***** < 5000	23081.	-.278	250.	.009	24639.	-.279	1207.	.014	0.	.000
5000 < 10000	30676.	-.882	0.	.000	68417.	-1.588	9339.	.176	0.	.000
10000 < 15000	14259.	-1.011	0.	.000	37713.	-1.818	31124.	.251	0.	.000
15000 < 20000	597.	-.047	0.	.000	44524.	-1.153	9845.	.223	182.	.058
20000 < 30000	0.	.000	0.	.000	41664.	-1.302	18984.	1.008	780.	.136
30000 < 50000	0.	.000	0.	.000	23980.	-1.894	10378.	.804	74.	.033
50000 < 100000	0.	.000	0.	.000	4193.	-.653	863.	.420	121.	.011
100000 < 200000	0.	.000	0.	.000	18.	-.025	0.	.000	0.	.000
200000 <*****	0.	.000	0.	.000	121.	-.202	5.	.050	0.	-.002
STANDARD	68614.	-2.218	250.	.009	245268.	-8.914	81744.	2.945	1157.	.237
***** < 5000	23081.	-.278	250.	.009	24639.	-.279	1207.	.014	216.	.000
5000 < 10000	32031.	-.889	0.	.000	69772.	-1.596	10405.	.244	474.	-.002
10000 < 15000	17571.	-1.095	0.	.000	41344.	-1.911	34740.	.513	3298.	.056
15000 < 20000	597.	-.047	0.	.000	44820.	-1.161	18706.	.954	2637.	.221
20000 < 30000	390.	-.016	0.	.000	43675.	-1.376	55409.	6.339	14763.	1.671
30000 < 50000	0.	.000	118.	.151	29942.	-2.359	71900.	17.433	25842.	4.207
50000 < 100000	0.	.000	0.	.000	11019.	-1.782	22632.	9.469	6049.	.887
100000 < 200000	0.	.000	0.	.000	4169.	-2.666	2120.	2.191	1092.	-.295
200000 <*****	0.	.000	0.	.000	2625.	-8.025	1011.	5.193	91.	-.078
TOTAL	73670.	-2.325	368.	.160	272004.	-21.156	218130.	42.349	54462.	6.666

CALENDAR YEAR 1989

STATE TAX LIABILITY FOR STATE

Plan X: 1986 FEDERAL LAW
1986 MAINE LAW

Plan Y: 1989 FEDERAL LAW
1986 MAINE LAW WITH WINDFALL

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1989

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	264	80.6	23.1	31.9	113.9	122.8	8.8	24.3	45.3	20.9
5000 < 10000	261	81.1	77.1	77.1	600.0	611.5	11.5	307.1	341.4	34.2
10000 < 15000	223	73.5	71.2	72.4	917.4	928.1	10.6	571.6	594.1	22.5
15000 < 20000	172	62.6	61.7	61.7	1095.4	1109.6	14.2	767.9	789.8	21.9
20000 < 30000	377	100.7	99.6	100.1	2467.2	2522.0	54.8	1743.4	1845.8	102.5
30000 < 50000	561	108.2	108.0	108.1	4112.6	4272.0	159.3	3117.1	3396.2	279.0
50000 < 100000	600	41.7	41.6	41.6	2708.2	2862.5	154.3	2150.5	2387.8	237.3
100000 < 200000	482	7.5	7.5	7.5	998.9	1086.9	88.1	816.6	942.6	126.1
200000 <*****	949	4.2	4.2	4.2	1854.5	2136.6	282.0	1660.8	1996.7	335.9
TOTALS	3889	560.0	494.0	504.5	14868.2	15651.9	783.7	11159.4	12339.7	1180.3

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.4	.3	144.9	144.6	124.3	86.7	.0	.0	.0	.0
5000 < 10000	4.7	4.3	168.7	163.4	134.6	115.2	.1	.2	.0	.0
10000 < 15000	8.3	5.9	201.0	186.9	149.7	148.9	1.0	1.0	.0	.0
15000 < 20000	8.0	6.1	202.6	194.1	126.1	126.1	1.5	1.7	.0	.0
20000 < 30000	35.8	29.5	485.9	434.4	249.0	249.0	2.9	3.0	.0	.0
30000 < 50000	65.0	50.7	696.2	575.3	301.7	301.7	9.5	10.0	.4	.0
50000 < 100000	35.4	31.9	430.8	347.3	130.5	130.5	37.1	40.4	.0	.0
100000 < 200000	7.5	6.7	158.6	120.6	23.8	23.8	15.2	17.4	.0	.0
200000 <*****	4.1	4.0	179.8	126.0	13.9	13.9	52.1	62.4	.0	.0
TOTALS	169.1	139.4	2668.4	2292.6	1253.6	1195.8	119.4	136.1	.4	.0

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.2	.5	.3	.0	.0	.0	.2	.5	.3
5000 < 10000	4.6	5.3	.8	.0	.0	.0	4.6	5.3	.8
10000 < 15000	13.2	13.8	.6	.0	.0	.0	13.2	13.8	.6
15000 < 20000	24.9	25.6	.7	.0	.0	.0	24.9	25.6	.7
20000 < 30000	65.7	72.4	6.7	.0	.0	.0	65.7	72.4	6.7
30000 < 50000	153.2	175.6	22.4	.0	.0	.0	153.2	175.6	22.4
50000 < 100000	110.3	129.9	19.6	.0	.0	.0	110.3	129.9	19.6
100000 < 200000	54.2	64.5	10.3	.0	.0	.0	54.2	64.5	10.3
200000 <*****	107.1	130.5	23.3	.0	.0	.0	107.1	130.5	23.3
TOTALS	533.4	618.0	84.6	.0	.0	.0	533.4	618.0	84.6

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR STATE

Plan X: 1986 FEDERAL LAW

1986 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI

Level of Income: 1989

Plan Y: 1989 FEDERAL LAW

1986 MAINE LAW WITH WINDFALL

Filing Status: ALL

Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
					TAX DECREASES		TAX INCREASES			
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
***** < 5000	0.	.000	0.	.000	0.	.000	0.	.000	104.	.000
5000 < 10000	0.	.000	0.	.000	0.	.000	2002.	.050	359.	.012
10000 < 15000	0.	.000	1541.	.032	0.	.000	7206.	.267	2409.	.172
15000 < 20000	0.	.000	0.	.000	0.	.000	7251.	.484	1939.	.133
20000 < 30000	0.	.000	458.	.007	0.	.000	35268.	4.789	7659.	1.474
30000 < 50000	0.	.000	54.	.118	170.	-.048	64659.	18.581	14964.	4.118
50000 < 100000	0.	.000	2.	.009	0.	.000	35300.	18.238	3743.	1.693
100000 < 200000	0.	.000	0.	.000	3.	.000	7477.	10.303	747.	.441
200000 < *****	0.	.000	0.	.000	0.	.000	4050.	23.103	85.	.637
ITEMIZED	0.	.000	2055.	.166	173.	-.049	163213.	75.816	32008.	8.680
***** < 5000	0.	.000	8893.	.072	429.	.000	24444.	.253	0.	.000
5000 < 10000	95.	.000	237.	.003	1211.	-.007	37959.	.714	0.	.000
10000 < 15000	0.	.000	0.	.000	1613.	-.062	31650.	.368	0.	.000
15000 < 20000	0.	.000	0.	.000	1157.	-.019	23819.	.254	0.	.000
20000 < 30000	0.	.000	0.	.000	241.	-.003	35036.	1.893	1367.	.314
30000 < 50000	0.	.000	0.	.000	0.	.000	32183.	3.898	694.	.265
50000 < 100000	0.	.000	0.	.000	0.	.000	5945.	1.335	242.	.130
100000 < 200000	0.	.000	0.	.000	0.	.000	19.	.010	0.	.000
200000 < *****	0.	.000	0.	.000	0.	.000	126.	.241	0.	.001
STANDARD	95.	.000	9130.	.075	4651.	-.091	191181.	8.966	2303.	.711
***** < 5000	0.	.000	8893.	.072	429.	.000	24444.	.253	104.	.000
5000 < 10000	95.	.000	237.	.003	1211.	-.007	39961.	.764	359.	.012
10000 < 15000	0.	.000	1541.	.032	1613.	-.062	38856.	.635	2409.	.172
15000 < 20000	0.	.000	0.	.000	1157.	-.019	31070.	.738	1939.	.133
20000 < 30000	0.	.000	458.	.007	241.	-.003	70304.	6.682	9026.	1.788
30000 < 50000	0.	.000	54.	.118	170.	-.048	96843.	22.479	15658.	4.383
50000 < 100000	0.	.000	2.	.009	0.	.000	41244.	19.573	3984.	1.823
100000 < 200000	0.	.000	0.	.000	3.	.000	7495.	10.314	747.	.441
200000 < *****	0.	.000	0.	.000	0.	.000	4177.	23.344	85.	.638
TOTAL	95.	.000	11185.	.241	4824.	-.140	354394.	84.782	34311.	9.391

STATE TAX LIABILITY FOR STATE

Plan X: 1989 FEDERAL LAW
1986 MAINE LAW WITH WINDFALL

Plan Y: 1989 FEDERAL LAW
1989 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1989

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	264	80.6	31.9	1.9	122.8	122.8	.0	45.3	182.0	136.8
5000 < 10000	261	81.1	77.1	42.3	611.5	611.5	.0	341.4	603.6	262.2
10000 < 15000	223	73.5	72.4	53.4	928.1	928.1	.0	594.1	906.5	312.3
15000 < 20000	172	62.6	61.7	60.8	1109.6	1109.6	.0	789.8	1092.8	302.9
20000 < 30000	377	100.7	100.1	99.6	2522.0	2522.1	.1	1845.8	2429.1	583.3
30000 < 50000	561	108.2	108.1	108.1	4272.0	4273.0	1.0	3396.2	4116.5	720.3
50000 < 100000	600	41.7	41.6	41.6	2862.5	2863.2	.7	2387.8	2704.2	316.4
100000 < 200000	482	7.5	7.5	7.5	1086.9	1087.0	.0	942.6	1002.4	59.7
200000 <*****	949	4.2	4.2	4.2	2136.6	2136.6	.0	1996.7	2031.1	34.4
TOTALS	3889	560.0	504.5	419.4	15651.9	15653.9	2.0	12339.7	15068.0	2728.3

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.3	.1	144.6	.7	86.7	.6	.0	3.0	.0	.0
5000 < 10000	4.3	4.3	163.4	9.4	115.2	5.1	.2	5.6	.0	.0
10000 < 15000	5.9	5.7	186.9	21.6	148.9	7.2	1.0	6.6	.0	.0
15000 < 20000	6.1	5.2	194.1	16.9	126.1	7.0	1.7	6.6	.0	.0
20000 < 30000	29.5	26.8	434.4	97.9	249.0	14.0	3.0	11.7	.0	.0
30000 < 50000	50.7	41.0	575.3	156.7	301.7	16.9	10.0	20.0	.0	.0
50000 < 100000	31.9	27.6	347.3	161.7	130.5	4.0	40.4	40.4	.0	.0
100000 < 200000	6.7	6.2	120.6	84.7	23.8	.7	17.4	15.5	.0	.0
200000 <*****	4.0	3.9	126.0	105.5	13.9	.4	62.4	51.2	.0	.2
TOTALS	139.4	120.9	2292.6	655.1	1195.8	56.0	136.1	160.5	.0	.2

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.5	.0	-.5	.0	.0	.0	.5	.0	-.5
5000 < 10000	5.3	3.1	-2.3	.0	.0	.0	5.3	3.1	-2.3
10000 < 15000	13.8	11.4	-2.4	.0	.0	.0	13.8	11.4	-2.4
15000 < 20000	25.6	24.1	-1.5	.0	.0	.0	25.6	24.1	-1.5
20000 < 30000	72.4	69.6	-2.8	.0	.0	.0	72.4	69.6	-2.8
30000 < 50000	175.6	165.6	-10.1	.0	.0	.0	175.6	165.6	-10.1
50000 < 100000	129.9	120.8	-9.1	.0	.0	.0	129.9	120.8	-9.1
100000 < 200000	64.5	54.9	-9.6	.0	.0	.0	64.5	54.9	-9.6
200000 <*****	130.5	106.0	-24.5	.0	.0	.0	130.5	106.0	-24.5
TOTALS	618.0	555.3	-62.7	.0	.0	.0	618.0	555.3	-62.7

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR STATE

Plan X: 1989 FEDERAL LAW
 1986 MAINE LAW WITH WINDFALL
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Plan Y: 1989 FEDERAL LAW
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 Filing Status: ALL
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INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
					TAX DECREASES		TAX INCREASES			
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
***** < 5000	0.	.000	0.	.000	0.	.000	0.	.000	135.	.000
5000 < 10000	534.	-.004	0.	.000	534.	-.004	1109.	.043	0.	.000
10000 < 15000	3313.	-.096	0.	.000	4006.	-.122	792.	.028	113.	-.001
15000 < 20000	0.	.000	0.	.000	407.	-.009	4905.	.217	891.	.050
20000 < 30000	539.	-.032	0.	.000	8207.	-.257	20770.	.885	2716.	.043
30000 < 50000	0.	.000	30.	.000	25023.	-2.233	25566.	1.071	9759.	-.640
50000 < 100000	0.	.000	0.	.000	26380.	-6.142	5418.	.308	4295.	-1.132
100000 < 200000	0.	.000	0.	.000	6719.	-8.875	14.	.001	499.	-.688
200000 <*****	0.	.000	0.	.000	3956.	-23.542	0.	.000	57.	-.274
ITEMIZED	4385.	-.132	30.	.000	75232.	-41.184	58574.	2.553	18465.	-2.642
***** < 5000	28482.	-.418	0.	.000	31849.	-.459	0.	.000	0.	.000
5000 < 10000	34672.	-1.299	0.	.000	75054.	-2.295	357.	.000	0.	.000
10000 < 15000	15562.	-1.200	0.	.000	65596.	-2.339	2030.	.008	0.	.000
15000 < 20000	878.	-.092	0.	.000	53861.	-1.753	2533.	.034	0.	.000
20000 < 30000	0.	.000	0.	.000	70608.	-3.466	518.	.005	0.	.000
30000 < 50000	0.	.000	0.	.000	57506.	-8.904	0.	.000	0.	.000
50000 < 100000	0.	.000	0.	.000	9823.	-3.250	0.	.000	0.	.000
100000 < 200000	0.	.000	0.	.000	765.	-.732	0.	.000	0.	.000
200000 <*****	0.	.000	0.	.000	211.	-.942	0.	.000	0.	.000
STANDARD	79594.	-3.009	0.	.000	365272.	-24.141	5437.	.047	0.	.000
***** < 5000	28482.	-.418	0.	.000	31849.	-.459	0.	.000	135.	.000
5000 < 10000	35206.	-1.303	0.	.000	75588.	-2.299	1466.	.043	0.	.000
10000 < 15000	18875.	-1.296	0.	.000	69601.	-2.462	2822.	.037	113.	-.001
15000 < 20000	878.	-.092	0.	.000	54268.	-1.762	7438.	.251	891.	.050
20000 < 30000	539.	-.032	0.	.000	78814.	-3.724	21288.	.890	2716.	.043
30000 < 50000	0.	.000	30.	.000	82529.	-11.136	25566.	1.071	9759.	-.640
50000 < 100000	0.	.000	0.	.000	36204.	-9.392	5418.	.308	4295.	-1.132
100000 < 200000	0.	.000	0.	.000	7484.	-9.607	14.	.001	499.	-.688
200000 <*****	0.	.000	0.	.000	4167.	-24.484	0.	.000	57.	-.274
TOTAL	83980.	-3.141	30.	.000	440505.	-65.325	64011.	2.601	18465.	-2.642

STATE TAX LIABILITY FOR STATE

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1986 MAINE LAW

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1989 MAINE LAW

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Filing Status: ALL
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INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	264	80.6	23.1	1.9	113.9	122.8	8.8	24.3	182.0	157.7
5000 < 10000	261	81.1	77.1	42.3	600.0	611.5	11.5	307.1	603.6	296.4
10000 < 15000	223	73.5	71.2	53.4	917.4	928.1	10.7	571.6	906.5	334.9
15000 < 20000	172	62.6	61.7	60.8	1095.4	1109.6	14.2	767.9	1092.8	324.8
20000 < 30000	377	100.7	99.6	99.6	2467.2	2522.1	54.9	1743.4	2429.1	685.8
30000 < 50000	561	108.2	108.0	108.1	4112.6	4273.0	160.3	3117.1	4116.5	999.4
50000 < 100000	600	41.7	41.6	41.6	2708.2	2863.2	155.0	2150.5	2704.2	553.6
100000 < 200000	482	7.5	7.5	7.5	998.9	1087.0	88.1	816.6	1002.4	185.8
200000 <*****	949	4.2	4.2	4.2	1854.5	2136.6	282.1	1660.8	2031.1	370.3
TOTALS	3889	560.0	494.0	419.4	14868.2	15653.9	785.7	11159.4	15068.0	3908.7

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.4	.1	144.9	.7	124.3	.6	.0	3.0	.0	.0
5000 < 10000	4.7	4.3	168.7	9.4	134.6	5.1	.1	5.6	.0	.0
10000 < 15000	8.3	5.7	201.0	21.6	149.7	7.2	1.0	6.6	.0	.0
15000 < 20000	8.0	5.2	202.6	16.9	126.1	7.0	1.5	6.6	.0	.0
20000 < 30000	35.8	26.8	485.9	97.9	249.0	14.0	2.9	11.7	.0	.0
30000 < 50000	65.0	41.0	696.2	156.7	301.7	16.9	9.5	20.0	.4	.0
50000 < 100000	35.4	27.6	430.8	161.7	130.5	4.0	37.1	40.4	.0	.0
100000 < 200000	7.5	6.2	158.6	84.7	23.8	.7	15.2	15.5	.0	.0
200000 <*****	4.1	3.9	179.8	105.5	13.9	.4	52.1	51.2	.0	.2
TOTALS	169.1	120.9	2668.4	655.1	1253.6	56.0	119.4	160.5	.4	.2

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.2	.0	-.2	.0	.0	.0	.2	.0	-.2
5000 < 10000	4.6	3.1	-1.5	.0	.0	.0	4.6	3.1	-1.5
10000 < 15000	13.2	11.4	-1.9	.0	.0	.0	13.2	11.4	-1.9
15000 < 20000	24.9	24.1	-.8	.0	.0	.0	24.9	24.1	-.8
20000 < 30000	65.7	69.6	3.8	.0	.0	.0	65.7	69.6	3.8
30000 < 50000	153.2	165.6	12.4	.0	.0	.0	153.2	165.6	12.4
50000 < 100000	110.3	120.8	10.5	.0	.0	.0	110.3	120.8	10.5
100000 < 200000	54.2	54.9	.7	.0	.0	.0	54.2	54.9	.7
200000 <*****	107.1	106.0	-1.1	.0	.0	.0	107.1	106.0	-1.1
TOTALS	533.4	555.3	21.9	.0	.0	.0	533.4	555.3	21.9

Policy Economics Group Personal Income Tax Model

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR STATE

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1986 MAINE LAW

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Level of Income: 1989

Plan Y: 1989 FEDERAL LAW

1989 MAINE LAW

Filing Status: ALL

Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
					TAX DECREASES		TAX INCREASES			
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
***** < 5000	0.	.000	0.	.000	0.	.000	0.	.000	239.	.000
5000 < 10000	893.	-.004	0.	.000	893.	-.004	1109.	.078	359.	-.003
10000 < 15000	2860.	-.078	0.	.000	4141.	-.101	1846.	.142	2521.	.040
15000 < 20000	0.	.000	0.	.000	241.	-.002	7010.	.669	2830.	.237
20000 < 30000	406.	-.018	325.	.008	959.	-.048	34176.	4.956	9825.	1.191
30000 < 50000	0.	.000	84.	.115	6458.	-.488	58401.	15.326	24491.	4.137
50000 < 100000	0.	.000	2.	.008	7162.	-1.180	27641.	12.150	7996.	1.177
100000 < 200000	0.	.000	0.	.000	4816.	-2.745	2663.	3.481	1246.	-.286
200000 < *****	0.	.000	0.	.000	2767.	-7.852	1284.	6.801	142.	.187
ITEMIZED	4158.	-.101	411.	.131	27437.	-12.421	134130.	43.603	49649.	6.680
***** < 5000	19867.	-.214	278.	.011	22405.	-.220	962.	.014	0.	.000
5000 < 10000	34171.	-1.019	0.	.000	70013.	-1.714	5054.	.142	0.	.000
10000 < 15000	14475.	-1.082	0.	.000	58429.	-2.058	6788.	.165	0.	.000
15000 < 20000	878.	-.089	0.	.000	49225.	-1.551	5230.	.091	0.	.000
20000 < 30000	0.	.000	0.	.000	53199.	-1.877	11635.	.815	817.	.156
30000 < 50000	0.	.000	0.	.000	37286.	-3.372	5950.	.899	462.	.123
50000 < 100000	0.	.000	0.	.000	5208.	-.915	1114.	.434	200.	.033
100000 < 200000	0.	.000	0.	.000	19.	-.029	0.	.000	0.	.000
200000 < *****	0.	.000	0.	.000	117.	-.203	10.	.114	0.	-.002
STANDARD	69390.	-2.404	278.	.011	295901.	-11.939	36741.	2.675	1479.	.310
***** < 5000	19867.	-.214	278.	.011	22405.	-.220	962.	.014	239.	.000
5000 < 10000	35064.	-1.023	0.	.000	70906.	-1.718	6162.	.220	359.	-.003
10000 < 15000	17334.	-1.160	0.	.000	62571.	-2.159	8634.	.307	2521.	.040
15000 < 20000	878.	-.089	0.	.000	49466.	-1.553	12240.	.760	2830.	.237
20000 < 30000	406.	-.018	325.	.008	54158.	-1.925	45811.	5.770	10642.	1.347
30000 < 50000	0.	.000	84.	.115	43744.	-3.860	64351.	16.225	24952.	4.259
50000 < 100000	0.	.000	2.	.008	12371.	-2.095	28754.	12.584	8196.	1.210
100000 < 200000	0.	.000	0.	.000	4835.	-2.774	2663.	3.481	1246.	-.286
200000 < *****	0.	.000	0.	.000	2883.	-8.055	1293.	6.915	142.	.185
TOTAL	73548.	-2.504	689.	.142	323338.	-24.361	170871.	46.278	51128.	6.990

CALENDAR YEAR 1990

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INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	256	77.4	24.5	32.6	111.6	122.3	10.7	26.9	49.0	22.2
5000 < 10000	252	76.3	73.3	73.5	573.2	585.8	12.5	304.0	337.6	33.6
10000 < 15000	210	76.0	73.6	74.9	949.1	959.7	10.6	597.6	624.6	27.0
15000 < 20000	169	59.8	58.4	58.4	1035.1	1049.4	14.3	718.6	739.1	20.5
20000 < 30000	362	101.5	100.8	100.9	2480.1	2533.0	52.9	1768.0	1866.0	98.0
30000 < 50000	558	114.4	113.8	114.2	4340.6	4502.3	161.6	3307.2	3591.9	284.6
50000 < 100000	619	49.8	49.7	49.7	3219.1	3404.6	185.5	2560.1	2847.2	287.1
100000 < 200000	488	8.2	8.2	8.2	1072.4	1160.5	88.1	886.7	1015.4	128.6
200000 < *****	975	4.6	4.6	4.6	2067.8	2387.2	319.4	1849.2	2231.5	382.3
TOTALS	3889	568.0	506.8	516.9	15849.2	16704.9	855.7	12018.3	13302.2	1283.9

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.3	.2	140.0	139.6	118.3	81.6	.0	.0	.0	.0
5000 < 10000	3.4	3.4	155.7	152.4	122.8	103.1	.1	.2	.0	.0
10000 < 15000	8.4	4.7	201.7	183.7	153.0	152.2	.9	1.0	.0	.0
15000 < 20000	7.4	5.7	203.5	196.0	115.4	115.4	1.8	1.9	.0	.0
20000 < 30000	33.0	26.3	478.3	429.1	245.9	245.9	2.6	2.7	.0	.0
30000 < 50000	65.5	50.8	720.7	596.9	314.6	314.6	9.0	9.6	.1	.0
50000 < 100000	42.6	36.7	508.6	406.4	153.8	153.8	39.5	42.9	.3	.0
100000 < 200000	8.1	7.2	161.0	120.3	25.6	25.6	18.2	20.5	.0	.0
200000 < *****	4.4	4.3	203.5	140.6	15.2	15.2	55.3	66.4	.0	.0
TOTALS	173.2	139.3	2773.0	2365.0	1264.6	1207.3	127.6	145.2	.4	.0

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.3	.5	.3	.0	.0	.0	.3	.5	.3
5000 < 10000	4.6	5.3	.8	.0	.0	.0	4.6	5.3	.8
10000 < 15000	13.8	14.4	.6	.0	.0	.0	13.8	14.4	.6
15000 < 20000	22.7	23.3	.6	.0	.0	.0	22.7	23.3	.6
20000 < 30000	66.9	73.4	6.4	.0	.0	.0	66.9	73.4	6.4
30000 < 50000	163.4	186.6	23.2	.0	.0	.0	163.4	186.6	23.2
50000 < 100000	134.8	158.6	23.8	.0	.0	.0	134.8	158.6	23.8
100000 < 200000	56.8	67.4	10.5	.0	.0	.0	56.8	67.4	10.5
200000 < *****	122.0	149.2	27.3	.0	.0	.0	122.0	149.2	27.3
TOTALS	585.2	678.8	93.6	.0	.0	.0	585.2	678.8	93.6

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR STATE

Plan X: 1986 FEDERAL LAW

1986 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI

Level of Income: 1990

Plan Y: 1990 FEDERAL LAW

1986 MAINE LAW WITH WINDFALL

Filing Status: ALL

Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	TAX DECREASES		TAX INCREASES		NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
					NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)		
***** < 5000	0.	.000	0.	.000	0.	.000	0.	.000	101.	.000
5000 < 10000	0.	.000	0.	.000	0.	.000	1540.	.042	0.	.000
10000 < 15000	0.	.000	1285.	.023	0.	.000	7233.	.334	3666.	.266
15000 < 20000	0.	.000	0.	.000	0.	.000	6082.	.368	1739.	.128
20000 < 30000	0.	.000	133.	.003	0.	.000	32364.	4.457	8075.	1.535
30000 < 50000	0.	.000	401.	.150	0.	.000	65340.	18.863	15402.	4.387
50000 < 100000	0.	.000	0.	.000	175.	-.054	42324.	22.293	6124.	2.881
100000 < 200000	0.	.000	0.	.000	7.	-.001	8098.	10.450	956.	.622
200000 <*****	0.	.000	0.	.000	0.	.000	4437.	26.975	128.	.884
ITEMIZED	0.	.000	1819.	.176	182.	-.055	167418.	83.781	36192.	10.702
***** < 5000	0.	.000	7594.	.052	351.	.000	24961.	.275	0.	.000
5000 < 10000	87.	-.003	84.	.003	789.	-.005	36811.	.750	0.	.000
10000 < 15000	0.	.000	0.	.000	1996.	-.078	31568.	.373	0.	.000
15000 < 20000	0.	.000	0.	.000	1423.	-.021	23164.	.262	0.	.000
20000 < 30000	0.	.000	0.	.000	0.	.000	34085.	1.976	1380.	.339
30000 < 50000	0.	.000	0.	.000	234.	-.003	36265.	4.372	712.	.284
50000 < 100000	0.	.000	0.	.000	0.	.000	6830.	1.567	251.	.141
100000 < 200000	0.	.000	0.	.000	0.	.000	70.	.078	0.	.000
200000 <*****	0.	.000	0.	.000	0.	.000	130.	.283	0.	.001
STANDARD	87.	-.003	7678.	.055	4792.	-.107	193883.	9.937	2344.	.765
***** < 5000	0.	.000	7594.	.052	351.	.000	24961.	.275	101.	.000
5000 < 10000	87.	-.003	84.	.003	789.	-.005	38351.	.792	0.	.000
10000 < 15000	0.	.000	1285.	.023	1996.	-.078	38801.	.707	3666.	.266
15000 < 20000	0.	.000	0.	.000	1423.	-.021	29246.	.630	1739.	.128
20000 < 30000	0.	.000	133.	.003	0.	.000	66449.	6.433	9456.	1.874
30000 < 50000	0.	.000	401.	.150	234.	-.003	101605.	23.235	16115.	4.670
50000 < 100000	0.	.000	0.	.000	175.	-.054	49154.	23.860	6374.	3.022
100000 < 200000	0.	.000	0.	.000	7.	-.001	8168.	10.527	956.	.622
200000 <*****	0.	.000	0.	.000	0.	.000	4567.	27.258	129.	.885
TOTAL	87.	-.003	9498.	.231	4973.	-.162	361301.	93.718	38535.	11.467

STATE TAX LIABILITY FOR STATE

Plan X: 1990 FEDERAL LAW
1986 MAINE LAW WITH WINDFALL

Plan Y: 1990 FEDERAL LAW
1990 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1990

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	256	77.4	32.6	2.1	122.3	122.4	.0	49.0	184.9	135.9
5000 < 10000	252	76.3	73.5	38.4	585.8	585.8	.0	337.6	579.8	242.2
10000 < 15000	210	76.0	74.9	56.3	959.7	959.7	.0	624.6	944.8	320.3
15000 < 20000	169	59.8	58.4	55.1	1049.4	1049.5	.0	739.1	1024.5	285.4
20000 < 30000	362	101.5	100.9	100.1	2533.0	2533.1	.1	1866.0	2453.1	587.2
30000 < 50000	558	114.4	114.2	114.2	4502.3	4503.7	1.4	3591.9	4357.1	765.2
50000 < 100000	619	49.8	49.7	49.7	3404.6	3405.6	1.0	2847.2	3230.1	382.9
100000 < 200000	488	8.2	8.2	8.2	1160.5	1160.5	.0	1015.4	1081.1	65.7
200000 <*****	975	4.6	4.6	4.6	2387.2	2387.2	.0	2231.5	2270.0	38.5
TOTALS	3889	568.0	516.9	428.7	16704.9	16707.5	2.6	13302.2	16125.4	2823.2

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.2	.1	139.6	.4	81.6	.6	.0	3.0	.0	.0
5000 < 10000	3.4	3.4	152.4	7.3	103.1	4.8	.2	5.4	.0	.0
10000 < 15000	4.7	4.7	183.7	14.8	152.2	7.7	1.0	6.9	.0	.0
15000 < 20000	5.7	5.4	196.0	25.0	115.4	6.7	1.9	6.7	.0	.0
20000 < 30000	26.3	23.4	429.1	85.4	245.9	14.5	2.7	11.7	.0	.0
30000 < 50000	50.8	38.9	596.9	146.9	314.6	18.3	9.6	20.4	.0	.0
50000 < 100000	36.7	30.4	406.4	177.7	153.8	5.1	42.9	43.5	.0	.0
100000 < 200000	7.2	6.6	120.3	80.2	25.6	.8	20.5	18.2	.0	.0
200000 <*****	4.3	4.2	140.6	117.2	15.2	.5	66.4	54.4	.0	.2
TOTALS	139.3	117.1	2365.0	654.8	1207.3	59.0	145.2	170.2	.0	.2

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.5	.0	-.5	.0	.0	.0	.5	.0	-.5
5000 < 10000	5.3	2.8	-2.5	.0	.0	.0	5.3	2.8	-2.5
10000 < 15000	14.4	11.3	-3.1	.0	.0	.0	14.4	11.3	-3.1
15000 < 20000	23.3	20.9	-2.4	.0	.0	.0	23.3	20.9	-2.4
20000 < 30000	73.4	68.0	-5.4	.0	.0	.0	73.4	68.0	-5.4
30000 < 50000	186.6	171.6	-15.0	.0	.0	.0	186.6	171.6	-15.0
50000 < 100000	158.6	145.8	-12.8	.0	.0	.0	158.6	145.8	-12.8
100000 < 200000	67.4	57.1	-10.3	.0	.0	.0	67.4	57.1	-10.3
200000 <*****	149.2	121.1	-28.1	.0	.0	.0	149.2	121.1	-28.1
TOTALS	678.8	598.5	-80.2	.0	.0	.0	678.8	598.5	-80.2

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR STATE

Plan X: 1990 FEDERAL LAW
1986 MAINE LAW WITH WINDFALL
Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1990

Plan Y: 1990 FEDERAL LAW
1990 MAINE LAW
Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	TAX DECREASES		TAX INCREASES		NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
					NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)		
***** < 5000	0.	.000	0.	.000	0.	.000	0.	.000	136.	.000
5000 < 10000	487.	-.006	0.	.000	487.	-.006	1053.	.042	0.	.000
10000 < 15000	2230.	-.060	0.	.000	2754.	-.092	813.	.027	0.	.000
15000 < 20000	511.	-.018	0.	.000	1129.	-.040	3213.	.112	336.	-.011
20000 < 30000	511.	-.037	0.	.000	12668.	-.394	13001.	.475	2912.	.013
30000 < 50000	0.	.000	0.	.000	38564.	-3.406	12085.	.531	11847.	-1.047
50000 < 100000	0.	.000	0.	.000	32278.	-8.222	4348.	.187	6325.	-1.723
100000 < 200000	0.	.000	0.	.000	7138.	-9.212	11.	.000	542.	-.746
200000 <*****	0.	.000	0.	.000	4299.	-26.906	0.	.000	76.	-.384
ITEMIZED	3739.	-.122	0.	.000	99318.	-48.278	34524.	1.376	22174.	-3.899
***** < 5000	29553.	-.454	0.	.000	32556.	-.491	0.	.000	0.	.000
5000 < 10000	34885.	-1.371	0.	.000	71934.	-2.567	0.	.000	0.	.000
10000 < 15000	16493.	-1.297	0.	.000	71306.	-3.047	0.	.000	0.	.000
15000 < 20000	2762.	-.358	0.	.000	54024.	-2.519	0.	.000	0.	.000
20000 < 30000	288.	-.020	0.	.000	75251.	-5.469	0.	.000	0.	.000
30000 < 50000	0.	.000	0.	.000	63589.	-12.138	0.	.000	0.	.000
50000 < 100000	0.	.000	0.	.000	13090.	-4.789	0.	.000	0.	.000
100000 < 200000	0.	.000	0.	.000	1025.	-1.100	0.	.000	0.	.000
200000 <*****	0.	.000	0.	.000	258.	-1.211	0.	.000	0.	.000
STANDARD	83981.	-3.502	0.	.000	383033.	-33.332	0.	.000	0.	.000
***** < 5000	29553.	-.454	0.	.000	32556.	-.491	0.	.000	136.	.000
5000 < 10000	35372.	-1.378	0.	.000	72420.	-2.573	1053.	.042	0.	.000
10000 < 15000	18723.	-1.357	0.	.000	74060.	-3.140	813.	.027	0.	.000
15000 < 20000	3273.	-.376	0.	.000	55153.	-2.558	3213.	.112	336.	-.011
20000 < 30000	799.	-.058	0.	.000	87919.	-5.863	13001.	.475	2912.	.013
30000 < 50000	0.	.000	0.	.000	102153.	-15.544	12085.	.531	11847.	-1.047
50000 < 100000	0.	.000	0.	.000	45368.	-13.011	4348.	.187	6325.	-1.723
100000 < 200000	0.	.000	0.	.000	8164.	-10.312	11.	.000	542.	-.746
200000 <*****	0.	.000	0.	.000	4557.	-28.117	0.	.000	76.	-.384
TOTAL	87720.	-3.623	0.	.000	482351.	-81.610	34524.	1.376	22174.	-3.899

STATE TAX LIABILITY FOR STATE

Plan X: 1986 FEDERAL LAW
1986 MAINE LAW

Plan Y: 1990 FEDERAL LAW
1990 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1990

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	256	77.4	24.5	2.1	111.6	122.4	10.7	26.9	184.9	158.0
5000 < 10000	252	76.3	73.3	38.4	573.2	585.8	12.5	304.0	579.8	275.8
10000 < 15000	210	76.0	73.6	56.3	949.1	959.7	10.6	597.6	944.8	347.3
15000 < 20000	169	59.8	58.4	55.1	1035.1	1049.5	14.3	718.6	1024.5	305.9
20000 < 30000	362	101.5	100.8	100.1	2480.1	2533.1	53.0	1768.0	2453.1	685.2
30000 < 50000	558	114.4	113.8	114.2	4340.6	4503.7	163.1	3307.2	4357.1	1049.8
50000 < 100000	619	49.8	49.7	49.7	3219.1	3405.6	186.5	2560.1	3230.1	670.0
100000 < 200000	488	8.2	8.2	8.2	1072.4	1160.5	88.2	886.7	1081.1	194.3
200000 <*****	975	4.6	4.6	4.6	2067.8	2387.2	319.4	1849.2	2270.0	420.8
TOTALS	3889	568.0	506.8	428.7	15849.2	16707.5	858.3	12018.3	16125.4	4107.1

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.3	.1	140.0	.4	118.3	.6	.0	3.0	.0	.0
5000 < 10000	3.4	3.4	155.7	7.3	122.8	4.8	.1	5.4	.0	.0
10000 < 15000	8.4	4.7	201.7	14.8	153.0	7.7	.9	6.9	.0	.0
15000 < 20000	7.4	5.4	203.5	25.0	115.4	6.7	1.8	6.7	.0	.0
20000 < 30000	33.0	23.4	478.3	85.4	245.9	14.5	2.6	11.7	.0	.0
30000 < 50000	65.5	38.9	720.7	146.9	314.6	18.3	9.0	20.4	.1	.0
50000 < 100000	42.6	30.4	508.6	177.7	153.8	5.1	39.5	43.5	.3	.0
100000 < 200000	8.1	6.6	161.0	80.2	25.6	.8	18.2	18.2	.0	.0
200000 <*****	4.4	4.2	203.5	117.2	15.2	.5	55.3	54.4	.0	.2
TOTALS	173.2	117.1	2773.0	654.8	1264.6	59.0	127.6	170.2	.4	.2

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.3	.0	-.2	.0	.0	.0	.3	.0	-.2
5000 < 10000	4.6	2.8	-1.7	.0	.0	.0	4.6	2.8	-1.7
10000 < 15000	13.8	11.3	-2.5	.0	.0	.0	13.8	11.3	-2.5
15000 < 20000	22.7	20.9	-1.8	.0	.0	.0	22.7	20.9	-1.8
20000 < 30000	66.9	68.0	1.0	.0	.0	.0	66.9	68.0	1.0
30000 < 50000	163.4	171.6	8.2	.0	.0	.0	163.4	171.6	8.2
50000 < 100000	134.8	145.8	11.0	.0	.0	.0	134.8	145.8	11.0
100000 < 200000	56.8	57.1	.2	.0	.0	.0	56.8	57.1	.2
200000 <*****	122.0	121.1	-.9	.0	.0	.0	122.0	121.1	-.9
TOTALS	585.2	598.5	13.3	.0	.0	.0	585.2	598.5	13.3

CALENDAR YEAR 1991

STATE TAX LIABILITY FOR STATE

Plan X: 1986 FEDERAL LAW
1986 MAINE LAW

Plan Y: 1991 FEDERAL LAW
1986 MAINE LAW WITH WINDFALL

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1991

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	241	77.7	22.6	31.3	104.3	116.4	12.0	23.3	45.5	22.1
5000 < 10000	239	75.0	71.8	72.6	552.9	563.4	10.6	292.3	327.2	34.9
10000 < 15000	203	73.9	72.5	72.9	906.7	916.5	9.8	579.6	603.9	24.3
15000 < 20000	177	62.0	60.0	60.5	1072.8	1089.5	16.7	726.6	752.8	26.2
20000 < 30000	338	100.0	99.2	99.4	2460.5	2511.8	51.3	1786.0	1875.0	89.0
30000 < 50000	563	118.8	118.2	118.6	4524.9	4692.5	167.6	3454.8	3752.0	297.2
50000 < 100000	634	56.9	56.9	56.9	3663.6	3874.9	211.3	2927.7	3253.8	326.2
100000 < 200000	489	9.7	9.6	9.6	1236.4	1331.7	95.4	1032.4	1175.1	142.7
200000 <*****	1005	5.0	5.0	5.0	2264.9	2624.4	359.5	2025.4	2455.7	430.3
TOTALS	3889	579.0	515.9	526.8	16787.0	17721.1	934.0	12848.1	14241.0	1392.9

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.2	.2	141.8	141.8	119.3	82.7	.0	.0	.0	.0
5000 < 10000	3.0	2.3	153.4	147.8	117.6	95.0	.0	.0	.0	.0
10000 < 15000	6.3	3.8	186.3	172.3	143.3	141.9	.9	1.0	.0	.0
15000 < 20000	9.4	7.1	221.8	210.7	127.3	127.3	1.6	1.7	.0	.0
20000 < 30000	27.0	21.3	454.9	413.0	232.7	232.7	2.9	3.0	.0	.0
30000 < 50000	66.6	51.0	749.1	618.7	323.0	323.0	8.9	9.5	.2	.0
50000 < 100000	46.8	40.4	565.0	449.4	174.6	174.6	37.5	40.6	.3	.0
100000 < 200000	9.5	8.2	174.7	127.2	30.2	30.2	24.0	26.8	.0	.0
200000 <*****	4.9	4.7	222.8	152.0	16.7	16.7	60.5	72.5	.0	.0
TOTALS	173.7	139.0	2869.8	2433.0	1284.6	1224.0	136.4	155.1	.5	.0

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.2	.5	.3	.0	.0	.0	.2	.5	.3
5000 < 10000	4.3	5.1	.8	.0	.0	.0	4.3	5.1	.8
10000 < 15000	13.0	13.6	.6	.0	.0	.0	13.0	13.6	.6
15000 < 20000	21.8	22.6	.8	.0	.0	.0	21.8	22.6	.8
20000 < 30000	68.7	74.5	5.8	.0	.0	.0	68.7	74.5	5.8
30000 < 50000	169.7	193.8	24.1	.0	.0	.0	169.7	193.8	24.1
50000 < 100000	159.5	187.4	27.9	.0	.0	.0	159.5	187.4	27.9
100000 < 200000	62.9	74.4	11.5	.0	.0	.0	62.9	74.4	11.5
200000 <*****	133.5	164.6	31.1	.0	.0	.0	133.5	164.6	31.1
TOTALS	633.8	736.6	102.8	.0	.0	.0	633.8	736.6	102.8

Policy Economics Group Personal Income Tax Model

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR STATE

Plan X: 1986 FEDERAL LAW

1986 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI

Level of Income: 1991

Plan Y: 1991 FEDERAL LAW

1986 MAINE LAW WITH WINDFALL

Filing Status: ALL

Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
					TAX DECREASES		TAX INCREASES			
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
***** < 5000	0.	.000	0.	.000	0.	.000	0.	.000	0.	.000
5000 < 10000	0.	.000	574.	.013	0.	.000	1582.	.049	702.	.013
10000 < 15000	0.	.000	709.	.012	0.	.000	5331.	.269	2518.	.202
15000 < 20000	0.	.000	433.	.012	0.	.000	7927.	.508	2307.	.210
20000 < 30000	0.	.000	130.	.005	0.	.000	26411.	3.839	7152.	1.276
30000 < 50000	0.	.000	396.	.166	0.	.000	66438.	19.389	16601.	4.987
50000 < 100000	0.	.000	0.	.000	177.	-.059	46521.	25.529	6644.	3.451
100000 < 200000	0.	.000	0.	.000	3.	-.001	9465.	11.375	1242.	.672
200000 <*****	0.	.000	0.	.000	0.	.000	4871.	30.749	181.	1.610
ITEMIZED	0.	.000	2242.	.208	179.	-.061	168545.	91.707	37347.	12.421
***** < 5000	0.	.000	8499.	.059	0.	.000	24624.	.266	0.	.000
5000 < 10000	0.	.000	322.	.004	809.	.000	37947.	.748	0.	.000
10000 < 15000	97.	-.005	0.	.000	2488.	-.092	30473.	.434	0.	.000
15000 < 20000	0.	.000	0.	.000	1082.	-.020	23986.	.271	0.	.000
20000 < 30000	0.	.000	0.	.000	0.	.000	35291.	1.983	1439.	.374
30000 < 50000	0.	.000	0.	.000	244.	-.002	37754.	4.728	1001.	.387
50000 < 100000	0.	.000	0.	.000	0.	.000	9361.	2.406	265.	.156
100000 < 200000	0.	.000	0.	.000	0.	.000	179.	.134	0.	.000
200000 <*****	0.	.000	0.	.000	0.	.000	131.	.341	0.	.001
STANDARD	97.	-.005	8822.	.063	4624.	-.115	199746.	11.311	2706.	.918
***** < 5000	0.	.000	8499.	.059	0.	.000	24624.	.266	0.	.000
5000 < 10000	0.	.000	897.	.017	809.	.000	39529.	.797	702.	.013
10000 < 15000	97.	-.005	709.	.012	2488.	-.092	35804.	.703	2518.	.202
15000 < 20000	0.	.000	433.	.012	1082.	-.020	31913.	.780	2307.	.210
20000 < 30000	0.	.000	130.	.005	0.	.000	61702.	5.822	8591.	1.650
30000 < 50000	0.	.000	396.	.166	244.	-.002	104192.	24.116	17602.	5.374
50000 < 100000	0.	.000	0.	.000	177.	-.059	55882.	27.935	6909.	3.607
100000 < 200000	0.	.000	0.	.000	3.	-.001	9644.	11.508	1242.	.672
200000 <*****	0.	.000	0.	.000	0.	.000	5002.	31.090	181.	1.611
TOTAL	97.	-.005	11064.	.271	4803.	-.176	368291.	103.018	40053.	13.339

STATE TAX LIABILITY FOR STATE

Plan X: 1991 FEDERAL LAW
1986 MAINE LAW WITH WINDFALL

Plan Y: 1991 FEDERAL LAW
1991 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1991

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	241	77.7	31.3	1.8	116.4	116.4	.0	45.5	182.2	136.7
5000 < 10000	239	75.0	72.6	32.3	563.4	563.4	.0	327.2	557.3	230.1
10000 < 15000	203	73.9	72.9	54.5	916.5	916.5	.0	603.9	907.1	303.2
15000 < 20000	177	62.0	60.5	55.2	1089.5	1089.5	.0	752.8	1060.9	308.1
20000 < 30000	338	100.0	99.4	98.9	2511.8	2511.9	.0	1875.0	2447.4	572.4
30000 < 50000	563	118.8	118.6	118.6	4692.5	4694.3	1.8	3752.0	4554.1	802.1
50000 < 100000	634	56.9	56.9	56.9	3874.9	3876.3	1.3	3253.8	3696.4	442.6
100000 < 200000	489	9.7	9.6	9.6	1331.7	1332.1	.3	1175.1	1254.5	79.4
200000 <*****	1005	5.0	5.0	5.0	2624.4	2624.5	.0	2455.7	2499.1	43.4
TOTALS	3889	579.0	526.8	432.8	17721.1	17724.8	3.7	14241.0	17158.9	2917.8

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.2	.1	141.8	.4	82.7	.5	.0	3.1	.0	.0
5000 < 10000	2.3	2.3	147.8	7.3	95.0	4.6	.0	5.4	.0	.0
10000 < 15000	3.8	3.8	172.3	9.6	141.9	7.3	1.0	6.8	.0	.0
15000 < 20000	7.1	6.3	210.7	28.6	127.3	7.6	1.7	7.0	.0	.0
20000 < 30000	21.3	18.5	413.0	70.8	232.7	14.4	3.0	12.0	.0	.0
30000 < 50000	51.0	39.0	618.7	140.4	323.0	20.0	9.5	21.2	.0	.0
50000 < 100000	40.4	32.1	449.4	182.3	174.6	5.9	40.6	42.2	.0	.0
100000 < 200000	8.2	6.7	127.2	78.3	30.2	1.0	26.8	23.7	.0	.0
200000 <*****	4.7	4.5	152.0	125.4	16.7	.6	72.5	59.4	.0	.2
TOTALS	139.0	113.2	2433.0	643.2	1224.0	61.9	155.1	180.8	.0	.2

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.5	.0	-.5	.0	.0	.0	.5	.0	-.5
5000 < 10000	5.1	2.3	-2.9	.0	.0	.0	5.1	2.3	-2.9
10000 < 15000	13.6	10.1	-3.5	.0	.0	.0	13.6	10.1	-3.5
15000 < 20000	22.6	19.1	-3.5	.0	.0	.0	22.6	19.1	-3.5
20000 < 30000	74.5	66.8	-7.7	.0	.0	.0	74.5	66.8	-7.7
30000 < 50000	193.8	173.6	-20.3	.0	.0	.0	193.8	173.6	-20.3
50000 < 100000	187.4	170.5	-16.9	.0	.0	.0	187.4	170.5	-16.9
100000 < 200000	74.4	62.9	-11.5	.0	.0	.0	74.4	62.9	-11.5
200000 <*****	164.6	133.5	-31.1	.0	.0	.0	164.6	133.5	-31.1
TOTALS	736.6	638.7	-97.9	.0	.0	.0	736.6	638.7	-97.9

Policy Economics Group Personal Income Tax Model

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR STATE

Plan X: 1991 FEDERAL LAW
 1986 MAINE LAW WITH WINDFALL
 Income Classifier: PRE-TAX REFORM STATE AGI
 Level of Income: 1991

Plan Y: 1991 FEDERAL LAW
 1991 MAINE LAW
 Filing Status: ALL
 Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
					TAX DECREASES		TAX INCREASES			
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
***** < 5000	0.	.000	0.	.000	0.	.000	0.	.000	150.	.000
5000 < 10000	475.	-.005	0.	.000	475.	-.005	533.	.025	0.	.000
10000 < 15000	1648.	-.061	0.	.000	1935.	-.071	878.	.031	0.	.000
15000 < 20000	909.	-.030	0.	.000	2260.	-.090	3360.	.094	842.	-.013
20000 < 30000	122.	-.005	0.	.000	14542.	-.614	6156.	.210	2814.	-.094
30000 < 50000	0.	.000	0.	.000	43332.	-4.815	7506.	.253	12032.	-1.572
50000 < 100000	0.	.000	0.	.000	36886.	-10.518	3434.	.238	8286.	-2.768
100000 < 200000	0.	.000	0.	.000	8215.	-10.145	10.	.000	1527.	-1.221
200000 <*****	0.	.000	0.	.000	4681.	-28.915	0.	.000	157.	-.784
ITEMIZED	3154.	-.101	0.	.000	112325.	-55.174	21877.	.850	25807.	-6.452
***** < 5000	29104.	-.427	0.	.000	31279.	-.464	0.	.000	0.	.000
5000 < 10000	39732.	-1.644	0.	.000	71582.	-2.900	0.	.000	0.	.000
10000 < 15000	17175.	-1.350	0.	.000	70043.	-3.474	0.	.000	0.	.000
15000 < 20000	4390.	-.581	0.	.000	54863.	-3.528	0.	.000	0.	.000
20000 < 30000	284.	-.023	0.	.000	78729.	-7.339	0.	.000	0.	.000
30000 < 50000	0.	.000	0.	.000	67795.	-15.697	0.	.000	0.	.000
50000 < 100000	0.	.000	0.	.000	16543.	-6.655	0.	.000	0.	.000
100000 < 200000	0.	.000	0.	.000	1422.	-1.344	0.	.000	0.	.000
200000 <*****	0.	.000	0.	.000	311.	-2.203	0.	.000	0.	.000
STANDARD	90685.	-4.025	0.	.000	392566.	-43.603	0.	.000	0.	.000
***** < 5000	29104.	-.427	0.	.000	31279.	-.464	0.	.000	150.	.000
5000 < 10000	40206.	-1.649	0.	.000	72056.	-2.905	533.	.025	0.	.000
10000 < 15000	18822.	-1.411	0.	.000	71977.	-3.545	878.	.031	0.	.000
15000 < 20000	5300.	-.611	0.	.000	57122.	-3.617	3360.	.094	842.	-.013
20000 < 30000	406.	-.027	0.	.000	93271.	-7.952	6156.	.210	2814.	-.094
30000 < 50000	0.	.000	0.	.000	111127.	-20.512	7506.	.253	12032.	-1.572
50000 < 100000	0.	.000	0.	.000	53429.	-17.173	3434.	.238	8286.	-2.768
100000 < 200000	0.	.000	0.	.000	9636.	-11.489	10.	.000	1527.	-1.221
200000 <*****	0.	.000	0.	.000	4992.	-31.118	0.	.000	157.	-.784
TOTAL	93838.	-4.126	0.	.000	504890.	-98.777	21877.	.850	25807.	-6.452

STATE TAX LIABILITY FOR STATE

Plan X: 1986 FEDERAL LAW
1986 MAINE LAW

Plan Y: 1991 FEDERAL LAW
1991 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1991

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	241	77.7	22.6	1.8	104.3	116.4	12.0	23.3	182.2	158.9
5000 < 10000	239	75.0	71.8	32.3	552.9	563.4	10.6	292.3	557.3	265.0
10000 < 15000	203	73.9	72.5	54.5	906.7	916.5	9.8	579.6	907.1	327.5
15000 < 20000	177	62.0	60.0	55.2	1072.8	1089.5	16.7	726.6	1060.9	334.3
20000 < 30000	338	100.0	99.2	98.9	2460.5	2511.9	51.4	1786.0	2447.4	661.3
30000 < 50000	563	118.8	118.2	118.6	4524.9	4694.3	169.4	3454.8	4554.1	1099.3
50000 < 100000	634	56.9	56.9	56.9	3663.6	3876.3	212.6	2927.7	3696.4	768.7
100000 < 200000	489	9.7	9.6	9.6	1236.4	1332.1	95.7	1032.4	1254.5	222.1
200000 <*****	1005	5.0	5.0	5.0	2264.9	2624.5	359.6	2025.4	2499.1	473.7
TOTALS	3889	579.0	515.9	432.8	16787.0	17724.8	937.7	12848.1	17158.9	4310.7

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.2	.1	141.8	.4	119.3	.5	.0	3.1	.0	.0
5000 < 10000	3.0	2.3	153.4	7.3	117.6	4.6	.0	5.4	.0	.0
10000 < 15000	6.3	3.8	186.3	9.6	143.3	7.3	.9	6.8	.0	.0
15000 < 20000	9.4	6.3	221.8	28.6	127.3	7.6	1.6	7.0	.0	.0
20000 < 30000	27.0	18.5	454.9	70.8	232.7	14.4	2.9	12.0	.0	.0
30000 < 50000	66.6	39.0	749.1	140.4	323.0	20.0	8.9	21.2	.2	.0
50000 < 100000	46.8	32.1	565.0	182.3	174.6	5.9	37.5	42.2	.3	.0
100000 < 200000	9.5	6.7	174.7	78.3	30.2	1.0	24.0	23.7	.0	.0
200000 <*****	4.9	4.5	222.8	125.4	16.7	.6	60.5	59.4	.0	.2
TOTALS	173.7	113.2	2869.8	643.2	1284.6	61.9	136.4	180.8	.5	.2

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.2	.0	-.2	.0	.0	.0	.2	.0	-.2
5000 < 10000	4.3	2.3	-2.1	.0	.0	.0	4.3	2.3	-2.1
10000 < 15000	13.0	10.1	-2.9	.0	.0	.0	13.0	10.1	-2.9
15000 < 20000	21.8	19.1	-2.8	.0	.0	.0	21.8	19.1	-2.8
20000 < 30000	68.7	66.8	-1.9	.0	.0	.0	68.7	66.8	-1.9
30000 < 50000	169.7	173.6	3.9	.0	.0	.0	169.7	173.6	3.9
50000 < 100000	159.5	170.5	10.9	.0	.0	.0	159.5	170.5	10.9
100000 < 200000	62.9	62.9	.0	.0	.0	.0	62.9	62.9	.0
200000 <*****	133.5	133.5	.0	.0	.0	.0	133.5	133.5	.0
TOTALS	633.8	638.7	4.9	.0	.0	.0	633.8	638.7	4.9

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR STATE

Plan X: 1986 FEDERAL LAW

1986 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI

Level of Income: 1991

Plan Y: 1991 FEDERAL LAW

1991 MAINE LAW

Filing Status: ALL

Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
					TAX DECREASES		TAX INCREASES			
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
***** < 5000	0.	.000	0.	.000	0.	.000	0.	.000	150.	.000
5000 < 10000	475.	-.003	0.	.000	475.	-.003	533.	.058	702.	.000
10000 < 15000	2846.	-.068	146.	.001	3349.	-.077	1639.	.108	2518.	.005
15000 < 20000	1043.	-.037	0.	.000	1875.	-.063	5618.	.435	3148.	.080
20000 < 30000	0.	.000	8.	.001	3230.	-.081	23059.	2.799	9149.	.723
30000 < 50000	0.	.000	396.	.168	11826.	-.962	54611.	11.774	28391.	3.009
50000 < 100000	0.	.000	0.	.000	10985.	-1.969	35712.	14.094	14882.	2.350
100000 < 200000	0.	.000	0.	.000	6684.	-3.181	2784.	3.311	2770.	-.574
200000 <*****	0.	.000	0.	.000	3241.	-9.377	1630.	9.407	338.	.004
ITEMIZED	4364.	-.107	549.	.171	41666.	-15.713	125587.	41.986	62048.	5.597
***** < 5000	20612.	-.211	7.	.006	21915.	-.214	712.	.015	0.	.000
5000 < 10000	38835.	-1.300	0.	.000	67142.	-2.213	3686.	.074	0.	.000
10000 < 15000	15509.	-1.152	0.	.000	63982.	-3.020	3639.	.086	0.	.000
15000 < 20000	3823.	-.509	0.	.000	51478.	-3.170	1078.	.035	0.	.000
20000 < 30000	284.	-.023	0.	.000	69498.	-5.134	3408.	.495	622.	.108
30000 < 50000	0.	.000	0.	.000	47814.	-7.698	4381.	.740	760.	.130
50000 < 100000	0.	.000	0.	.000	8201.	-1.764	1964.	.580	218.	.022
100000 < 200000	0.	.000	0.	.000	151.	-.161	28.	.050	0.	.000
200000 <*****	0.	.000	0.	.000	118.	-.222	12.	.163	0.	-.002
STANDARD	79063.	-3.195	7.	.006	330299.	-23.595	18909.	2.238	1600.	.258
***** < 5000	20612.	-.211	7.	.006	21915.	-.214	712.	.015	150.	.000
5000 < 10000	39310.	-1.303	0.	.000	67616.	-2.215	4219.	.131	702.	.000
10000 < 15000	18355.	-1.220	146.	.001	67331.	-3.097	5278.	.194	2518.	.005
15000 < 20000	4866.	-.546	0.	.000	53354.	-3.233	6696.	.469	3148.	.080
20000 < 30000	284.	-.023	8.	.001	72728.	-5.215	26467.	3.295	9771.	.831
30000 < 50000	0.	.000	396.	.168	59640.	-8.660	58993.	12.514	29152.	3.139
50000 < 100000	0.	.000	0.	.000	19186.	-3.733	37676.	14.673	15100.	2.372
100000 < 200000	0.	.000	0.	.000	6835.	-3.342	2812.	3.361	2770.	-.574
200000 <*****	0.	.000	0.	.000	3359.	-9.599	1643.	9.571	339.	.003
TOTAL	83427.	-3.302	556.	.176	371965.	-39.308	144496.	44.224	63649.	5.855

CALENDAR YEAR 1992

STATE TAX LIABILITY FOR STATE

Plan X: 1986 FEDERAL LAW
1986 MAINE LAW

Plan Y: 1992 FEDERAL LAW
1986 MAINE LAW WITH WINDFALL

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1992

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	232	78.0	21.0	29.6	94.0	106.4	12.5	23.5	46.1	22.6
5000 < 10000	226	73.5	69.2	69.9	539.2	549.3	10.1	283.5	318.4	34.9
10000 < 15000	194	71.9	70.4	70.9	874.2	883.6	9.5	566.1	586.1	20.0
15000 < 20000	175	63.4	61.6	62.1	1097.2	1111.3	14.1	740.2	766.2	26.0
20000 < 30000	330	98.9	98.0	98.3	2448.3	2497.2	48.9	1792.9	1877.7	84.8
30000 < 50000	565	123.1	123.0	123.0	4743.4	4916.2	172.9	3654.3	3949.9	295.7
50000 < 100000	638	62.4	62.3	62.3	4045.1	4273.8	228.7	3244.8	3601.0	356.2
100000 < 200000	499	11.4	11.4	11.4	1453.1	1568.7	115.6	1217.0	1385.2	168.2
200000 <*****	1030	5.4	5.4	5.4	2445.9	2836.5	390.6	2189.1	2655.7	466.6
TOTALS	3889	588.0	522.5	532.8	17740.3	18743.2	1002.9	13711.4	15186.5	1475.1

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.2	.2	143.1	143.1	117.3	79.5	.0	.0	.0	.0
5000 < 10000	2.9	2.2	152.3	146.7	115.2	92.0	.0	.0	.0	.0
10000 < 15000	4.4	2.9	173.6	165.1	136.5	134.0	.3	.4	.0	.0
15000 < 20000	9.4	6.6	230.6	217.4	129.4	129.4	1.7	1.7	.0	.0
20000 < 30000	23.4	19.0	443.5	403.6	225.4	225.4	3.9	4.0	.0	.0
30000 < 50000	65.8	48.4	759.4	635.9	331.6	331.6	8.4	8.9	.2	.0
50000 < 100000	50.9	43.3	615.2	487.0	188.9	188.9	40.0	43.2	.3	.0
100000 < 200000	11.1	9.7	200.6	147.8	36.4	36.4	27.1	30.1	.0	.0
200000 <*****	5.3	5.1	238.8	162.8	18.0	18.0	62.9	75.2	.0	.0
TOTALS	173.4	137.6	2957.2	2509.4	1298.6	1235.2	144.5	163.7	.5	.0

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.2	.5	.3	.0	.0	.0	.2	.5	.3
5000 < 10000	4.1	4.9	.8	.0	.0	.0	4.1	4.9	.8
10000 < 15000	12.9	13.5	.6	.0	.0	.0	12.9	13.5	.6
15000 < 20000	21.9	22.6	.8	.0	.0	.0	21.9	22.6	.8
20000 < 30000	68.6	73.9	5.3	.0	.0	.0	68.6	73.9	5.3
30000 < 50000	180.4	204.4	24.0	.0	.0	.0	180.4	204.4	24.0
50000 < 100000	178.0	208.8	30.7	.0	.0	.0	178.0	208.8	30.7
100000 < 200000	74.9	88.7	13.8	.0	.0	.0	74.9	88.7	13.8
200000 <*****	146.5	181.0	34.4	.0	.0	.0	146.5	181.0	34.4
TOTALS	687.6	798.3	110.7	.0	.0	.0	687.6	798.3	110.7

Policy Economics Group Personal Income Tax Model

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR STATE

Plan X: 1986 FEDERAL LAW
1986 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1992

Plan Y: 1992 FEDERAL LAW
1986 MAINE LAW WITH WINDFALL

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	TAX DECREASES		TAX INCREASES		NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
					NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)		
***** < 5000	0.	.000	0.	.000	0.	.000	0.	.000	0.	.000
5000 < 10000	0.	.000	586.	.015	0.	.000	1552.	.050	718.	.015
10000 < 15000	0.	.000	464.	.012	0.	.000	3578.	.174	1487.	.132
15000 < 20000	0.	.000	433.	.014	0.	.000	8010.	.531	2720.	.209
20000 < 30000	0.	.000	124.	.008	0.	.000	22709.	3.419	5725.	1.083
30000 < 50000	0.	.000	0.	.000	0.	.000	65671.	18.749	18383.	5.633
50000 < 100000	0.	.000	0.	.000	177.	-.065	50628.	27.786	7822.	3.934
100000 < 200000	0.	.000	9.	.002	3.	-.002	11097.	13.677	1406.	1.293
200000 < *****	0.	.000	0.	.000	0.	.000	5298.	34.061	198.	1.756
ITEMIZED	0.	.000	1617.	.051	180.	-.067	168542.	98.448	38460.	14.054
***** < 5000	0.	.000	9103.	.070	0.	.000	23730.	.278	0.	.000
5000 < 10000	0.	.000	183.	.004	866.	.000	37179.	.728	0.	.000
10000 < 15000	97.	-.007	0.	.000	2445.	-.094	31240.	.516	0.	.000
15000 < 20000	0.	.000	0.	.000	949.	-.022	26529.	.260	0.	.000
20000 < 30000	0.	.000	109.	.004	0.	.000	33294.	1.858	1379.	.376
30000 < 50000	0.	.000	0.	.000	242.	-.002	41573.	5.249	1012.	.404
50000 < 100000	0.	.000	0.	.000	0.	.000	10457.	3.028	272.	.164
100000 < 200000	0.	.000	0.	.000	0.	.000	267.	.163	0.	.000
200000 < *****	0.	.000	0.	.000	0.	.000	133.	.382	0.	.001
STANDARD	97.	-.007	9395.	.078	4503.	-.119	204401.	12.462	2664.	.945
***** < 5000	0.	.000	9103.	.070	0.	.000	23730.	.278	0.	.000
5000 < 10000	0.	.000	769.	.019	866.	.000	38731.	.778	718.	.015
10000 < 15000	97.	-.007	464.	.012	2445.	-.094	34817.	.690	1487.	.132
15000 < 20000	0.	.000	433.	.014	949.	-.022	34539.	.791	2720.	.209
20000 < 30000	0.	.000	233.	.012	0.	.000	56004.	5.277	7105.	1.459
30000 < 50000	0.	.000	0.	.000	242.	-.002	107244.	23.999	19396.	6.036
50000 < 100000	0.	.000	0.	.000	177.	-.065	61084.	30.813	8094.	4.098
100000 < 200000	0.	.000	9.	.002	3.	-.002	11363.	13.839	1406.	1.293
200000 < *****	0.	.000	0.	.000	0.	.000	5430.	34.444	198.	1.757
TOTAL	97.	-.007	11012.	.129	4683.	-.186	372942.	110.910	41124.	14.999

STATE TAX LIABILITY FOR STATE

Plan X: 1992 FEDERAL LAW
1986 MAINE LAW WITH WINDFALL

Plan Y: 1992 FEDERAL LAW
1992 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1992

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	232	78.0	29.6	1.8	106.4	106.5	.0	46.1	176.5	130.4
5000 < 10000	226	73.5	69.9	28.0	549.3	549.3	.0	318.4	543.0	224.5
10000 < 15000	194	71.9	70.9	53.3	883.6	883.7	.0	586.1	877.5	291.3
15000 < 20000	175	63.4	62.1	54.0	1111.3	1111.3	.0	766.2	1080.3	314.1
20000 < 30000	330	98.9	98.3	97.4	2497.2	2497.4	.2	1877.7	2445.8	568.1
30000 < 50000	565	123.1	123.0	123.0	4916.2	4917.6	1.4	3949.9	4790.3	840.4
50000 < 100000	638	62.4	62.3	62.3	4273.8	4275.9	2.1	3601.0	4092.5	491.5
100000 < 200000	499	11.4	11.4	11.4	1568.7	1569.2	.5	1385.2	1482.2	97.0
200000 <*****	1030	5.4	5.4	5.4	2836.5	2836.6	.0	2655.7	2704.2	48.5
TOTALS	3889	588.0	532.8	436.6	18743.2	18747.5	4.3	15186.5	18192.3	3005.8

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.2	.1	143.1	.4	79.5	.5	.0	3.0	.0	.0
5000 < 10000	2.2	2.2	146.7	7.5	92.0	4.4	.0	5.6	.0	.0
10000 < 15000	2.9	2.1	165.1	6.5	134.0	7.0	.4	6.4	.0	.0
15000 < 20000	6.6	5.9	217.4	31.0	129.4	7.9	1.7	7.2	.0	.0
20000 < 30000	19.0	14.9	403.6	58.5	225.4	14.5	4.0	13.2	.0	.0
30000 < 50000	48.4	34.1	635.9	127.5	331.6	21.5	8.9	21.6	.0	.0
50000 < 100000	43.3	32.6	487.0	186.0	188.9	6.8	43.2	45.0	.0	.0
100000 < 200000	9.7	7.7	147.8	87.7	36.4	1.3	30.1	26.7	.0	.0
200000 <*****	5.1	4.9	162.8	132.4	18.0	.6	75.2	61.6	.0	.2
TOTALS	137.6	104.4	2509.4	637.6	1235.2	64.6	163.7	190.4	.0	.2

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.5	.0	-.5	.0	.0	.0	.5	.0	-.5
5000 < 10000	4.9	1.8	-3.2	.0	.0	.0	4.9	1.8	-3.2
10000 < 15000	13.5	9.4	-4.1	.0	.0	.0	13.5	9.4	-4.1
15000 < 20000	22.6	18.2	-4.5	.0	.0	.0	22.6	18.2	-4.5
20000 < 30000	73.9	63.9	-10.0	.0	.0	.0	73.9	63.9	-10.0
30000 < 50000	204.4	178.0	-26.4	.0	.0	.0	204.4	178.0	-26.4
50000 < 100000	208.8	187.3	-21.4	.0	.0	.0	208.8	187.3	-21.4
100000 < 200000	88.7	74.8	-14.0	.0	.0	.0	88.7	74.8	-14.0
200000 <*****	181.0	146.7	-34.3	.0	.0	.0	181.0	146.7	-34.3
TOTALS	798.3	680.0	-118.3	.0	.0	.0	798.3	680.0	-118.3

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR STATE

Plan X: 1992 FEDERAL LAW
 1986 MAINE LAW WITH WINDFALL
 Income Classifier: PRE-TAX REFORM STATE AGI
 Level of Income: 1992

Plan Y: 1992 FEDERAL LAW
 1992 MAINE LAW
 Filing Status: ALL
 Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	TAX DECREASES		TAX INCREASES		NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
					NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)		
***** < 5000	0.	.000	0.	.000	0.	.000	0.	.000	142.	.000
5000 < 10000	447.	-.003	0.	.000	447.	-.003	519.	.025	0.	.000
10000 < 15000	1025.	-.037	0.	.000	1415.	-.049	675.	.025	817.	.019
15000 < 20000	1455.	-.068	0.	.000	3043.	-.127	2246.	.070	768.	-.007
20000 < 30000	116.	-.006	0.	.000	14090.	-.791	4273.	.082	4128.	-.233
30000 < 50000	0.	.000	0.	.000	45236.	-5.787	3064.	.109	14379.	-2.342
50000 < 100000	0.	.000	0.	.000	41134.	-12.995	2121.	.138	10768.	-3.649
100000 < 200000	0.	.000	0.	.000	9684.	-12.067	9.	.000	2005.	-1.853
200000 <*****	0.	.000	0.	.000	5090.	-31.945	0.	.000	202.	-1.045
ITEMIZED	3042.	-.115	0.	.000	120140.	-63.765	12908.	.450	33209.	-9.110
***** < 5000	27784.	-.436	0.	.000	29555.	-.480	0.	.000	0.	.000
5000 < 10000	41619.	-1.849	0.	.000	68951.	-3.172	0.	.000	0.	.000
10000 < 15000	16469.	-1.215	0.	.000	68834.	-4.033	0.	.000	0.	.000
15000 < 20000	6641.	-.903	0.	.000	56786.	-4.420	0.	.000	0.	.000
20000 < 30000	714.	-.093	0.	.000	79901.	-9.282	0.	.000	0.	.000
30000 < 50000	0.	.000	0.	.000	74705.	-20.704	0.	.000	0.	.000
50000 < 100000	0.	.000	0.	.000	19026.	-8.575	0.	.000	0.	.000
100000 < 200000	0.	.000	0.	.000	1672.	-1.896	0.	.000	0.	.000
200000 <*****	0.	.000	0.	.000	330.	-2.383	0.	.000	0.	.000
STANDARD	93227.	-4.496	0.	.000	399760.	-54.943	0.	.000	0.	.000
***** < 5000	27784.	-.436	0.	.000	29555.	-.480	0.	.000	142.	.000
5000 < 10000	42067.	-1.852	0.	.000	69398.	-3.175	519.	.025	0.	.000
10000 < 15000	17493.	-1.253	0.	.000	70249.	-4.082	675.	.025	817.	.019
15000 < 20000	8095.	-.970	0.	.000	59830.	-4.547	2246.	.070	768.	-.007
20000 < 30000	830.	-.099	0.	.000	93991.	-10.072	4273.	.082	4128.	-.233
30000 < 50000	0.	.000	0.	.000	119940.	-26.491	3064.	.109	14379.	-2.342
50000 < 100000	0.	.000	0.	.000	60161.	-21.570	2121.	.138	10768.	-3.649
100000 < 200000	0.	.000	0.	.000	11357.	-13.963	9.	.000	2005.	-1.853
200000 <*****	0.	.000	0.	.000	5420.	-34.328	0.	.000	202.	-1.045
TOTAL	96270.	-4.611	0.	.000	519900.	-118.708	12908.	.450	33209.	-9.110

STATE TAX LIABILITY FOR STATE

Plan X: 1986 FEDERAL LAW
1986 MAINE LAW

Plan Y: 1992 FEDERAL LAW
1992 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1992

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	232	78.0	21.0	1.8	94.0	106.5	12.5	23.5	176.5	153.0
5000 < 10000	226	73.5	69.2	28.0	539.2	549.3	10.1	283.5	543.0	259.5
10000 < 15000	194	71.9	70.4	53.3	874.2	883.7	9.5	566.1	877.5	311.3
15000 < 20000	175	63.4	61.6	54.0	1097.2	1111.3	14.1	740.2	1080.3	340.1
20000 < 30000	330	98.9	98.0	97.4	2448.3	2497.4	49.1	1792.9	2445.8	652.9
30000 < 50000	565	123.1	123.0	123.0	4743.4	4917.6	174.3	3654.3	4790.3	1136.0
50000 < 100000	638	62.4	62.3	62.3	4045.1	4275.9	230.8	3244.8	4092.5	847.7
100000 < 200000	499	11.4	11.4	11.4	1453.1	1569.2	116.1	1217.0	1482.2	265.3
200000 <*****	1030	5.4	5.4	5.4	2445.9	2836.6	390.7	2189.1	2704.2	515.1
TOTALS	3889	588.0	522.5	436.6	17740.3	18747.5	1007.2	13711.4	18192.3	4480.9

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.2	.1	143.1	.4	117.3	.5	.0	3.0	.0	.0
5000 < 10000	2.9	2.2	152.3	7.5	115.2	4.4	.0	5.6	.0	.0
10000 < 15000	4.4	2.1	173.6	6.5	136.5	7.0	.3	6.4	.0	.0
15000 < 20000	9.4	5.9	230.6	31.0	129.4	7.9	1.7	7.2	.0	.0
20000 < 30000	23.4	14.9	443.5	58.5	225.4	14.5	3.9	13.2	.0	.0
30000 < 50000	65.8	34.1	759.4	127.5	331.6	21.5	8.4	21.6	.2	.0
50000 < 100000	50.9	32.6	615.2	186.0	188.9	6.8	40.0	45.0	.3	.0
100000 < 200000	11.1	7.7	200.6	87.7	36.4	1.3	27.1	26.7	.0	.0
200000 <*****	5.3	4.9	238.8	132.4	18.0	.6	62.9	61.6	.0	.2
TOTALS	173.4	104.4	2957.2	637.6	1298.6	64.6	144.5	190.4	.5	.2

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.2	.0	-.2	.0	.0	.0	.2	.0	-.2
5000 < 10000	4.1	1.8	-2.4	.0	.0	.0	4.1	1.8	-2.4
10000 < 15000	12.9	9.4	-3.5	.0	.0	.0	12.9	9.4	-3.5
15000 < 20000	21.9	18.2	-3.7	.0	.0	.0	21.9	18.2	-3.7
20000 < 30000	68.6	63.9	-4.7	.0	.0	.0	68.6	63.9	-4.7
30000 < 50000	180.4	178.0	-2.4	.0	.0	.0	180.4	178.0	-2.4
50000 < 100000	178.0	187.3	9.3	.0	.0	.0	178.0	187.3	9.3
100000 < 200000	74.9	74.8	-.1	.0	.0	.0	74.9	74.8	-.1
200000 <*****	146.5	146.7	.1	.0	.0	.0	146.5	146.7	.1
TOTALS	687.6	680.0	-7.5	.0	.0	.0	687.6	680.0	-7.5

Policy Economics Group Personal Income Tax Model

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR STATE

Plan X: 1986 FEDERAL LAW

1986 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI

Level of Income: 1992

Plan Y: 1992 FEDERAL LAW

1992 MAINE LAW

Filing Status: ALL

Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	TAX DECREASES		TAX INCREASES		NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
					NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)		
***** < 5000	0.	.000	0.	.000	0.	.000	0.	.000	142.	.000
5000 < 10000	447.	-.001	0.	.000	447.	-.001	519.	.057	718.	.000
10000 < 15000	1144.	-.029	142.	.003	1761.	-.035	1378.	.084	2304.	.073
15000 < 20000	2443.	-.090	0.	.000	3440.	-.130	4137.	.347	3488.	-.015
20000 < 30000	0.	.000	8.	.002	3278.	-.096	19316.	2.156	9066.	.490
30000 < 50000	0.	.000	0.	.000	19087.	-1.586	46584.	9.381	32529.	1.880
50000 < 100000	0.	.000	0.	.000	14061.	-2.480	36744.	13.472	18542.	2.617
100000 < 200000	0.	.000	9.	.003	7815.	-3.911	3285.	3.979	3411.	-.560
200000 <*****	0.	.000	0.	.000	3592.	-10.314	1706.	10.482	400.	.003
ITEMIZED	4034.	-.121	160.	.008	53480.	-18.553	113668.	39.958	70601.	4.488
***** < 5000	18689.	-.212	7.	.009	20757.	-.217	300.	.016	0.	.000
5000 < 10000	40850.	-1.481	0.	.000	65313.	-2.479	2966.	.049	0.	.000
10000 < 15000	16124.	-1.169	0.	.000	64411.	-3.572	3033.	.063	0.	.000
15000 < 20000	5220.	-.708	0.	.000	53428.	-3.948	638.	.024	0.	.000
20000 < 30000	605.	-.089	0.	.000	72841.	-7.137	2605.	.363	592.	.086
30000 < 50000	0.	.000	0.	.000	53807.	-10.809	3527.	.629	779.	.109
50000 < 100000	0.	.000	0.	.000	10042.	-2.350	1435.	.674	224.	.009
100000 < 200000	0.	.000	0.	.000	238.	-.243	28.	.050	0.	.000
200000 <*****	0.	.000	0.	.000	119.	-.239	13.	.186	0.	-.002
STANDARD	81488.	-3.658	7.	.009	340957.	-30.995	14545.	2.055	1596.	.202
***** < 5000	18689.	-.212	7.	.009	20757.	-.217	300.	.016	142.	.000
5000 < 10000	41298.	-1.482	0.	.000	65761.	-2.480	3485.	.107	718.	.000
10000 < 15000	17268.	-1.198	142.	.003	66172.	-3.607	4411.	.147	2304.	.073
15000 < 20000	7662.	-.799	0.	.000	56868.	-4.078	4774.	.371	3488.	-.015
20000 < 30000	605.	-.089	8.	.002	76119.	-7.233	21920.	2.520	9659.	.576
30000 < 50000	0.	.000	0.	.000	72894.	-12.395	50110.	10.009	33308.	1.989
50000 < 100000	0.	.000	0.	.000	24103.	-4.831	38179.	14.146	18767.	2.625
100000 < 200000	0.	.000	9.	.003	8053.	-4.155	3313.	4.030	3411.	-.560
200000 <*****	0.	.000	0.	.000	3711.	-10.552	1719.	10.668	400.	.000
TOTAL	85522.	-3.778	167.	.016	394437.	-49.547	128213.	42.013	72197.	4.690

APPENDIX B

DETAILED INFORMATION ON TAX POLICY OPTIONS FOR THE MAINE INDIVIDUAL INCOME TAX EXAMINED IN THE REPORT (OPTIONS 1-4)

STATE TAX LIABILITY FOR STATE

OPTION 1

Plan X: 1989 FEDERAL LAW
1989 MAINE LAW

Plan Y: 1989 FEDERAL LAW
H.R. 124 - REVENUE NEUTRAL

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1989

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	264	80.6	1.9	11.3	122.8	123.9	1.1	182.0	11.1	-170.9
5000 < 10000	261	81.1	42.3	59.1	611.5	611.9	.3	603.6	172.6	-431.0
10000 < 15000	223	73.5	53.4	60.4	928.1	928.5	.4	906.5	369.1	-537.4
15000 < 20000	172	62.6	60.8	60.5	1109.6	1109.8	.2	1092.8	614.9	-477.9
20000 < 30000	377	100.7	99.6	99.7	2522.1	2531.1	9.0	2429.1	1508.2	-920.9
30000 < 50000	561	108.2	108.1	108.1	4273.0	4285.8	12.8	4116.5	2952.5	-1163.9
50000 < 100000	600	41.7	41.6	41.6	2863.2	2871.0	7.8	2704.2	2157.2	-547.0
100000 < 200000	482	7.5	7.5	7.5	1087.0	1088.9	1.9	1002.4	859.4	-143.0
200000 <*****	949	4.2	4.2	4.2	2136.6	2118.6	-18.0	2031.1	1804.4	-226.7
TOTALS	3889	560.0	419.4	452.4	15653.9	15669.4	15.5	15068.0	10449.4	-4618.7

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.1	.3	.7	287.4	.6	147.0	3.0	1.3	.0	.0
5000 < 10000	4.3	4.3	9.4	306.3	5.1	184.9	5.6	19.5	.0	.0
10000 < 15000	5.7	5.9	21.6	319.0	7.2	253.6	6.6	42.6	.0	.0
15000 < 20000	5.2	6.1	16.9	271.5	7.0	226.3	6.6	70.0	.0	.0
20000 < 30000	26.8	31.4	97.9	566.4	14.0	464.6	11.7	170.5	.0	.0
30000 < 50000	41.0	57.2	156.7	756.4	16.9	578.5	20.0	349.8	.0	.0
50000 < 100000	27.6	35.3	161.7	466.1	4.0	250.9	40.4	338.0	.0	.2
100000 < 200000	6.2	7.4	84.7	184.3	.7	45.3	15.5	163.3	.0	.7
200000 <*****	3.9	4.2	105.5	289.7	.4	24.4	51.2	383.8	.2	8.0
TOTALS	120.9	152.0	655.1	3447.1	56.0	2175.5	160.5	1538.9	.2	9.0

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.0	.4	.4	.0	.0	.0	.0	.4	.4
5000 < 10000	3.1	6.3	3.3	.0	.0	.0	3.1	6.3	3.3
10000 < 15000	11.4	12.8	1.4	.0	.0	.0	11.4	12.8	1.4
15000 < 20000	24.1	22.3	-1.8	.0	.0	.0	24.1	22.3	-1.8
20000 < 30000	69.6	62.5	-7.1	.0	.0	.0	69.6	62.5	-7.1
30000 < 50000	165.6	138.7	-26.8	.0	.0	.0	165.6	138.7	-26.8
50000 < 100000	120.8	113.3	-7.5	.0	.0	.0	120.8	113.3	-7.5
100000 < 200000	54.9	66.0	11.1	.0	.0	.0	54.9	66.0	11.1
200000 <*****	106.0	133.4	27.4	.0	.0	.0	106.0	133.4	27.4
TOTALS	555.3	555.7	.4	.0	.0	.0	555.3	555.7	.4

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR STATE

Plan X: 1989 FEDERAL LAW

1989 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI

Level of Income: 1989

Plan Y: 1989 FEDERAL LAW

H.R. 124 - REVENUE NEUTRAL

Filing Status: ALL

Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
					TAX DECREASES		TAX INCREASES			
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
***** < 5000	0.	.000	0.	.000	0.	.000	0.	.000	0.	.000
5000 < 10000	0.	.000	534.	.022	0.	.000	1643.	.070	0.	.000
10000 < 15000	0.	.000	1658.	.113	139.	.000	2819.	.199	0.	.000
15000 < 20000	0.	.000	0.	.000	2711.	-.273	1710.	.095	0.	.000
20000 < 30000	100.	-.004	406.	.017	18438.	-4.011	7689.	.583	0.	.000
30000 < 50000	142.	-.106	0.	.000	39457.	-12.975	1373.	.119	0.	.000
50000 < 100000	0.	.000	0.	.000	20163.	-10.017	7341.	2.479	0.	.000
100000 < 200000	0.	.000	0.	.000	419.	-.320	5815.	9.768	0.	.000
200000 <*****	0.	.000	0.	.000	24.	-.051	3885.	25.879	0.	.000
ITEMIZED	242.	-.110	2598.	.151	81352.	-27.648	32275.	39.193	0.	.000
***** < 5000	0.	.000	9363.	.323	0.	.000	11291.	.392	135.	.000
5000 < 10000	1158.	-.024	18276.	1.147	1867.	-.062	56750.	3.267	0.	.000
10000 < 15000	3064.	-.127	8425.	.601	23176.	-.800	37312.	2.024	113.	.009
15000 < 20000	430.	-.039	110.	.015	35719.	-3.942	20798.	2.327	891.	-.140
20000 < 30000	125.	-.093	0.	.000	40788.	-6.989	33053.	3.309	4577.	-.715
30000 < 50000	0.	.000	0.	.000	62587.	-14.548	4677.	.579	16213.	-4.961
50000 < 100000	0.	.000	0.	.000	7265.	-2.232	6854.	2.267	7717.	-.126
100000 < 200000	0.	.000	0.	.000	11.	-.017	1253.	1.665	1121.	1.586
200000 <*****	0.	.000	0.	.000	3.	-.004	265.	1.606	268.	1.602
STANDARD	4777.	-.284	36174.	2.086	171416.	-28.593	172253.	17.437	31035.	-2.744
***** < 5000	0.	.000	9363.	.323	0.	.000	11291.	.392	135.	.000
5000 < 10000	1158.	-.024	18810.	1.169	1867.	-.062	58393.	3.338	0.	.000
10000 < 15000	3064.	-.127	10083.	.714	23315.	-.800	40131.	2.223	113.	.009
15000 < 20000	430.	-.039	110.	.015	38430.	-4.215	22508.	2.422	891.	-.140
20000 < 30000	226.	-.097	406.	.017	59226.	-11.000	40743.	3.892	4577.	-.715
30000 < 50000	142.	-.106	0.	.000	102045.	-27.523	6050.	.699	16213.	-4.961
50000 < 100000	0.	.000	0.	.000	27428.	-12.249	14194.	4.746	7717.	-.126
100000 < 200000	0.	.000	0.	.000	430.	-.337	7068.	11.433	1121.	1.586
200000 <*****	0.	.000	0.	.000	26.	-.055	4150.	27.485	268.	1.602
TOTAL	5019.	-.393	38772.	2.237	252767.	-56.241	204528.	56.630	31035.	-2.744

STATE TAX LIABILITY FOR STATE

OPTION 2

Plan X: 1989 FEDERAL LAW
1989 MAINE LAW

Plan Y: 1989 FEDERAL LAW
H. R. 466 - REVENUE NEUTRAL

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1989

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	264	80.6	1.9	11.7	122.8	126.5	3.7	182.0	11.8	-170.2
5000 < 10000	261	81.1	42.3	58.2	611.5	616.8	5.3	603.6	176.1	-427.4
10000 < 15000	223	73.5	53.4	59.7	928.1	934.8	6.7	906.5	375.3	-531.2
15000 < 20000	172	62.6	60.8	60.5	1109.6	1114.3	4.6	1092.8	619.1	-473.7
20000 < 30000	377	100.7	99.6	99.7	2522.1	2542.1	20.0	2429.1	1519.1	-910.0
30000 < 50000	561	108.2	108.1	108.1	4273.0	4298.6	25.6	4116.5	2965.6	-1150.8
50000 < 100000	600	41.7	41.6	41.6	2863.2	2879.7	16.5	2704.2	2166.0	-538.2
100000 < 200000	482	7.5	7.5	7.5	1087.0	1092.2	5.2	1002.4	862.7	-139.7
200000 <*****	949	4.2	4.2	4.2	2136.6	2124.7	-11.9	2031.1	1810.5	-220.6
TOTALS	3889	560.0	419.4	451.2	15653.9	15729.6	75.7	15068.0	10506.3	-4561.8

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.1	.3	.7	287.4	.6	147.1	3.0	1.2	.0	.0
5000 < 10000	4.3	4.3	9.4	306.2	5.1	185.0	5.6	18.6	.0	.0
10000 < 15000	5.7	5.9	21.6	318.9	7.2	253.6	6.6	40.6	.0	.0
15000 < 20000	5.2	6.1	16.9	271.5	7.0	226.3	6.6	65.5	.0	.0
20000 < 30000	26.8	30.9	97.9	566.2	14.0	464.6	11.7	161.6	.0	.0
30000 < 50000	41.0	57.2	156.7	756.0	16.9	578.5	20.0	341.0	.0	.0
50000 < 100000	27.6	35.3	161.7	465.9	4.0	250.9	40.4	343.3	.0	.2
100000 < 200000	6.2	7.4	84.7	184.3	.7	45.3	15.5	172.8	.0	.7
200000 <*****	3.9	4.2	105.5	289.7	.4	24.4	51.2	407.5	.2	8.0
TOTALS	120.9	151.5	655.1	3446.2	56.0	2175.6	160.5	1552.1	.2	8.9

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.0	.5	.5	.0	.0	.0	.0	.5	.5
5000 < 10000	3.1	7.8	4.7	.0	.0	.0	3.1	7.8	4.7
10000 < 15000	11.4	15.6	4.3	.0	.0	.0	11.4	15.6	4.3
15000 < 20000	24.1	27.4	3.3	.0	.0	.0	24.1	27.4	3.3
20000 < 30000	69.6	73.3	3.7	.0	.0	.0	69.6	73.3	3.7
30000 < 50000	165.6	150.5	-15.0	.0	.0	.0	165.6	150.5	-15.0
50000 < 100000	120.8	110.6	-10.1	.0	.0	.0	120.8	110.6	-10.1
100000 < 200000	54.9	57.6	2.7	.0	.0	.0	54.9	57.6	2.7
200000 <*****	106.0	111.4	5.4	.0	.0	.0	106.0	111.4	5.4
TOTALS	555.3	554.8	-.5	.0	.0	.0	555.3	554.8	-.5

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR STATE

Plan X: 1989 FEDERAL LAW

1989 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI

Level of Income: 1989

Plan Y: 1989 FEDERAL LAW

H. R. 466 - REVENUE NEUTRAL

Filing Status: ALL

Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
					TAX DECREASES		TAX INCREASES			
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
***** < 5000	0.	.000	0.	.000	0.	.000	0.	.000	0.	.000
5000 < 10000	0.	.000	534.	.018	0.	.000	1643.	.110	0.	.000
10000 < 15000	0.	.000	1439.	.129	0.	.000	2739.	.262	0.	.000
15000 < 20000	0.	.000	0.	.000	1165.	-.078	3256.	.262	0.	.000
20000 < 30000	100.	-.004	406.	.021	12195.	-2.323	13933.	1.707	0.	.000
30000 < 50000	0.	.000	0.	.000	33996.	-8.852	6835.	.576	0.	.000
50000 < 100000	0.	.000	0.	.000	22753.	-9.987	4751.	1.117	0.	.000
100000 < 200000	0.	.000	0.	.000	1853.	-.898	4381.	3.095	0.	.000
200000 <*****	0.	.000	0.	.000	560.	-1.397	3349.	6.324	0.	.000
ITEMIZED	100.	-.004	2379.	.167	72521.	-23.535	40886.	13.453	0.	.000
***** < 5000	0.	.000	9741.	.395	0.	.000	11668.	.505	135.	.000
5000 < 10000	1158.	-.024	17357.	1.390	1867.	-.055	55831.	4.654	0.	.000
10000 < 15000	3064.	-.127	8000.	.581	5276.	-.218	54788.	4.244	113.	.015
15000 < 20000	430.	-.039	110.	.019	18860.	-.946	37656.	4.066	891.	-.042
20000 < 30000	125.	-.093	0.	.000	23506.	-3.467	50335.	7.807	4092.	-.129
30000 < 50000	0.	.000	0.	.000	52409.	-8.384	14855.	1.646	16213.	-3.104
50000 < 100000	0.	.000	0.	.000	9631.	-2.336	4487.	1.067	7717.	-1.161
100000 < 200000	0.	.000	0.	.000	53.	-.042	1211.	.533	1121.	.461
200000 <*****	0.	.000	0.	.000	7.	-.045	261.	.544	268.	.499
STANDARD	4777.	-.284	35208.	2.385	111611.	-15.493	231093.	25.067	30550.	-3.462
***** < 5000	0.	.000	9741.	.395	0.	.000	11668.	.505	135.	.000
5000 < 10000	1158.	-.024	17891.	1.408	1867.	-.055	57474.	4.764	0.	.000
10000 < 15000	3064.	-.127	9439.	.710	5276.	-.218	57526.	4.506	113.	.015
15000 < 20000	430.	-.039	110.	.019	20026.	-1.024	40912.	4.328	891.	-.042
20000 < 30000	226.	-.097	406.	.021	35701.	-5.790	64268.	9.514	4092.	-.129
30000 < 50000	0.	.000	0.	.000	86405.	-17.236	21690.	2.222	16213.	-3.104
50000 < 100000	0.	.000	0.	.000	32384.	-12.323	9238.	2.184	7717.	-1.161
100000 < 200000	0.	.000	0.	.000	1906.	-.940	5592.	3.629	1121.	.461
200000 <*****	0.	.000	0.	.000	567.	-1.442	3610.	6.868	268.	.499
TOTAL	4877.	-.288	37587.	2.552	184131.	-39.027	271979.	38.520	30550.	-3.462

STATE TAX LIABILITY FOR STATE

OPTION 3

Plan X: 1986 FEDERAL LAW
1986 MAINE LAWPlan Y: PEG PROPOSAL
INDEXING OPTION #1Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1990Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	256	77.4	24.5	11.0	111.6	122.4	10.7	26.9	11.1	-15.8
5000 < 10000	252	76.3	73.3	60.1	573.2	585.8	12.5	304.0	167.3	-136.7
10000 < 15000	210	76.0	73.6	69.9	949.1	959.7	10.6	597.6	383.5	-214.0
15000 < 20000	169	59.8	58.4	58.0	1035.1	1049.5	14.3	718.6	570.1	-148.5
20000 < 30000	362	101.5	100.8	100.5	2480.1	2533.1	53.0	1768.0	1532.0	-236.0
30000 < 50000	558	114.4	113.8	114.2	4340.6	4503.7	163.1	3307.2	3188.9	-118.4
50000 < 100000	619	49.8	49.7	49.7	3219.1	3405.6	186.5	2560.1	2675.4	115.3
100000 < 200000	488	8.2	8.2	8.2	1072.4	1160.6	88.2	886.7	990.0	103.2
200000 <*****	975	4.6	4.6	4.6	2067.8	2387.2	319.4	1849.2	2219.3	370.1
TOTALS	3889	568.0	506.8	476.2	15849.2	16707.5	858.3	12018.3	11737.6	-280.8

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.3	.1	140.0	290.3	118.3	138.4	.0	.0	.0	.0
5000 < 10000	3.4	3.4	155.7	298.7	122.8	168.2	.1	.2	.0	.0
10000 < 15000	8.4	4.7	201.7	332.7	153.0	254.2	.9	.8	.0	.0
15000 < 20000	7.4	5.4	203.5	275.5	115.4	205.6	1.8	1.7	.0	.0
20000 < 30000	33.0	23.0	478.3	551.0	245.9	461.0	2.6	2.6	.0	.0
30000 < 50000	65.5	38.0	720.7	718.1	314.6	598.2	9.0	8.9	.1	.0
50000 < 100000	42.6	30.3	508.6	438.7	153.8	294.1	39.5	37.6	.3	.0
100000 < 200000	8.1	6.6	161.0	123.2	25.6	48.1	18.2	17.8	.0	.0
200000 <*****	4.4	4.2	203.5	141.1	15.2	26.8	55.3	56.8	.0	.2
TOTALS	173.2	115.7	2773.0	3169.5	1264.6	2194.6	127.6	126.3	.4	.2

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.3	.2	.0	.0	.0	.0	.3	.2	.0
5000 < 10000	4.6	3.5	-1.1	.0	.0	.0	4.6	3.5	-1.1
10000 < 15000	13.8	10.4	-3.4	.0	.0	.0	13.8	10.4	-3.4
15000 < 20000	22.7	20.0	-2.7	.0	.0	.0	22.7	20.0	-2.7
20000 < 30000	66.9	62.4	-4.5	.0	.0	.0	66.9	62.4	-4.5
30000 < 50000	163.4	160.8	-2.6	.0	.0	.0	163.4	160.8	-2.6
50000 < 100000	134.8	139.5	4.7	.0	.0	.0	134.8	139.5	4.7
100000 < 200000	56.8	58.3	1.4	.0	.0	.0	56.8	58.3	1.4
200000 <*****	122.0	127.5	5.5	.0	.0	.0	122.0	127.5	5.5
TOTALS	585.2	582.5	-2.7	.0	.0	.0	585.2	582.5	-2.7

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR STATE

Plan X: 1986 FEDERAL LAW
1986 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1990

Plan Y: PEG PROPOSAL
INDEXING OPTION #1

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
					TAX DECREASES		TAX INCREASES			
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
***** < 5000	0.	.000	0.	.000	0.	.000	0.	.000	237.	.000
5000 < 10000	0.	.000	0.	.000	0.	.000	1540.	.072	0.	.000
10000 < 15000	704.	-.014	364.	.007	1751.	-.022	4561.	.181	3666.	.095
15000 < 20000	0.	.000	0.	.000	674.	-.044	5407.	.307	2076.	.019
20000 < 30000	0.	.000	8.	.000	8494.	-.331	23746.	2.239	10802.	.353
30000 < 50000	0.	.000	401.	.141	23072.	-2.185	42268.	7.976	27972.	1.091
50000 < 100000	0.	.000	0.	.000	16545.	-2.592	25953.	8.513	12510.	.212
100000 < 200000	0.	.000	0.	.000	5074.	-2.308	3031.	3.739	1526.	-.332
200000 < *****	0.	.000	0.	.000	2887.	-5.453	1550.	11.002	204.	.491
ITEMIZED	704.	-.014	774.	.148	58498.	-12.935	108056.	34.029	58993.	1.928
***** < 5000	13310.	-.113	7.	.003	16422.	-.119	8045.	.068	0.	.000
5000 < 10000	13238.	-.320	0.	.000	51288.	-1.549	20519.	.395	0.	.000
10000 < 15000	3421.	-.201	0.	.000	66665.	-3.634	975.	.071	0.	.000
15000 < 20000	341.	-.037	0.	.000	50638.	-2.994	1646.	.043	0.	.000
20000 < 30000	288.	-.020	0.	.000	64244.	-6.839	4312.	.421	880.	.128
30000 < 50000	0.	.000	0.	.000	45325.	-8.822	3573.	.452	477.	.067
50000 < 100000	0.	.000	0.	.000	6594.	-1.634	623.	.395	206.	.012
100000 < 200000	0.	.000	0.	.000	43.	-.033	26.	.034	0.	.000
200000 < *****	0.	.000	0.	.000	119.	-.160	11.	.159	0.	-.001
STANDARD	30598.	-.692	7.	.003	301339.	-25.784	39730.	2.037	1564.	.206
***** < 5000	13310.	-.113	7.	.003	16422.	-.119	8045.	.068	237.	.000
5000 < 10000	13238.	-.320	0.	.000	51288.	-1.549	22059.	.468	0.	.000
10000 < 15000	4125.	-.215	364.	.007	68416.	-3.656	5535.	.252	3666.	.095
15000 < 20000	341.	-.037	0.	.000	51313.	-3.038	7054.	.349	2076.	.019
20000 < 30000	288.	-.020	8.	.000	72738.	-7.170	28058.	2.660	11682.	.481
30000 < 50000	0.	.000	401.	.141	68397.	-11.007	45841.	8.428	28449.	1.158
50000 < 100000	0.	.000	0.	.000	23139.	-4.225	26577.	8.908	12716.	.224
100000 < 200000	0.	.000	0.	.000	5117.	-2.342	3057.	3.773	1526.	-.332
200000 < *****	0.	.000	0.	.000	3007.	-5.613	1561.	11.161	205.	.490
TOTAL	31302.	-.705	781.	.152	359837.	-38.719	147786.	36.067	60557.	2.134

STATE TAX LIABILITY FOR STATE

Plan X: 1986 FEDERAL LAW
1986 MAINE LAW

Plan Y: PEG PROPOSAL
INDEXING OPTION #2

Income Classifier: PRE-TAX REFORM STATE AGI
Level of Income: 1990

Filing Status: ALL
Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	256	77.4	24.5	11.0	111.6	122.4	10.7	26.9	11.1	-15.8
5000 < 10000	252	76.3	73.3	60.1	573.2	585.8	12.5	304.0	167.3	-136.7
10000 < 15000	210	76.0	73.6	69.9	949.1	959.7	10.6	597.6	383.5	-214.0
15000 < 20000	169	59.8	58.4	58.0	1035.1	1049.5	14.3	718.6	570.1	-148.5
20000 < 30000	362	101.5	100.8	100.5	2480.1	2533.1	53.0	1768.0	1532.0	-236.0
30000 < 50000	558	114.4	113.8	114.2	4340.6	4503.7	163.1	3307.2	3188.9	-118.4
50000 < 100000	619	49.8	49.7	49.7	3219.1	3405.6	186.5	2560.1	2675.4	115.3
100000 < 200000	488	8.2	8.2	8.2	1072.4	1160.6	88.2	886.7	990.0	103.2
200000 <*****	975	4.6	4.6	4.6	2067.8	2387.2	319.4	1849.2	2219.3	370.1
TOTALS	3889	568.0	506.8	476.2	15849.2	16707.5	858.3	12018.3	11737.6	-280.8

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		MINTAX	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** < 5000	.3	.1	140.0	290.3	118.3	138.4	.0	.0	.0	.0
5000 < 10000	3.4	3.4	155.7	298.7	122.8	168.2	.1	.2	.0	.0
10000 < 15000	8.4	4.7	201.7	332.7	153.0	254.2	.9	.8	.0	.0
15000 < 20000	7.4	5.4	203.5	275.5	115.4	205.6	1.8	1.7	.0	.0
20000 < 30000	33.0	23.0	478.3	551.0	245.9	461.0	2.6	2.6	.0	.0
30000 < 50000	65.5	38.0	720.7	718.1	314.6	598.2	9.0	8.9	.1	.0
50000 < 100000	42.6	30.3	508.6	438.7	153.8	294.1	39.5	37.6	.3	.0
100000 < 200000	8.1	6.6	161.0	123.2	25.6	48.1	18.2	17.8	.0	.0
200000 <*****	4.4	4.2	203.5	141.1	15.2	26.8	55.3	56.8	.0	.2
TOTALS	173.2	115.7	2773.0	3169.5	1264.6	2194.6	127.6	126.4	.4	.2

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** < 5000	.3	.2	.0	.0	.0	.0	.3	.2	.0
5000 < 10000	4.6	3.5	-1.1	.0	.0	.0	4.6	3.5	-1.1
10000 < 15000	13.8	10.4	-3.4	.0	.0	.0	13.8	10.4	-3.4
15000 < 20000	22.7	20.1	-2.6	.0	.0	.0	22.7	20.1	-2.6
20000 < 30000	66.9	62.6	-4.3	.0	.0	.0	66.9	62.6	-4.3
30000 < 50000	163.4	161.3	-2.1	.0	.0	.0	163.4	161.3	-2.1
50000 < 100000	134.8	139.8	5.0	.0	.0	.0	134.8	139.8	5.0
100000 < 200000	56.8	58.3	1.5	.0	.0	.0	56.8	58.3	1.5
200000 <*****	122.0	127.5	5.6	.0	.0	.0	122.0	127.5	5.6
TOTALS	585.2	583.6	-1.6	.0	.0	.0	585.2	583.6	-1.6

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR STATE

Plan X: 1986 FEDERAL LAW

1986 MAINE LAW

Income Classifier: PRE-TAX REFORM STATE AGI

Level of Income: 1990

Plan Y: PEG PROPOSAL

INDEXING OPTION #2

Filing Status: ALL

Coverage: FEDERAL FILERS ONLY

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
					TAX DECREASES		TAX INCREASES			
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
***** < 5000	0.	.000	0.	.000	0.	.000	0.	.000	237.	.000
5000 < 10000	0.	.000	0.	.000	0.	.000	1540.	.072	0.	.000
10000 < 15000	704.	-.014	364.	.007	1751.	-.022	4561.	.181	3666.	.095
15000 < 20000	0.	.000	0.	.000	674.	-.043	5407.	.310	2076.	.020
20000 < 30000	0.	.000	8.	.000	8073.	-.314	24166.	2.295	10802.	.378
30000 < 50000	0.	.000	401.	.142	22762.	-2.095	42578.	8.158	27972.	1.219
50000 < 100000	0.	.000	0.	.000	16239.	-2.508	26260.	8.689	12510.	.294
100000 < 200000	0.	.000	0.	.000	5074.	-2.281	3031.	3.757	1526.	-.325
200000 <*****	0.	.000	0.	.000	2887.	-5.440	1550.	11.010	204.	.492
ITEMIZED	704.	-.014	774.	.149	57460.	-12.703	109094.	34.473	58993.	2.174
***** < 5000	13310.	-.113	7.	.003	16422.	-.119	8045.	.068	0.	.000
5000 < 10000	13238.	-.320	0.	.000	51288.	-1.549	20519.	.395	0.	.000
10000 < 15000	3421.	-.201	0.	.000	66665.	-3.619	975.	.072	0.	.000
15000 < 20000	341.	-.037	0.	.000	50638.	-2.951	1646.	.046	0.	.000
20000 < 30000	288.	-.020	0.	.000	64163.	-6.714	4393.	.433	880.	.131
30000 < 50000	0.	.000	0.	.000	45115.	-8.650	3783.	.472	477.	.069
50000 < 100000	0.	.000	0.	.000	6594.	-1.607	623.	.400	206.	.013
100000 < 200000	0.	.000	0.	.000	43.	-.033	26.	.034	0.	.000
200000 <*****	0.	.000	0.	.000	119.	-.160	11.	.159	0.	-.001
STANDARD	30598.	-.692	7.	.003	301048.	-25.402	40021.	2.079	1564.	.212
***** < 5000	13310.	-.113	7.	.003	16422.	-.119	8045.	.068	237.	.000
5000 < 10000	13238.	-.320	0.	.000	51288.	-1.549	22059.	.468	0.	.000
10000 < 15000	4125.	-.215	364.	.007	68416.	-3.641	5535.	.254	3666.	.095
15000 < 20000	341.	-.037	0.	.000	51313.	-2.994	7054.	.356	2076.	.020
20000 < 30000	288.	-.020	8.	.000	72236.	-7.029	28560.	2.727	11682.	.509
30000 < 50000	0.	.000	401.	.142	67877.	-10.745	46362.	8.630	28449.	1.288
50000 < 100000	0.	.000	0.	.000	22832.	-4.115	26884.	9.089	12716.	.307
100000 < 200000	0.	.000	0.	.000	5117.	-2.315	3057.	3.791	1526.	-.325
200000 <*****	0.	.000	0.	.000	3007.	-5.599	1561.	11.169	205.	.491
TOTAL	31302.	-.705	781.	.152	358508.	-38.105	149115.	36.553	60557.	2.386