



125th MAINE LEGISLATURE

LD 849

LR 149(08)

An Act To Provide Tax Relief for Maine's Citizens by Reducing Income Taxes

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

Potential future biennium revenue decrease - General Fund

Fiscal Detail and Notes

In addition to the effects on budgeted revenue, this bill also requires that 40% of any General Fund revenue exceeding the General Fund appropriation limitation as well as a portion of any uncommitted resources in the unappropriated surplus of the General Fund, also known as the Cascade, must be transferred at the close of each fiscal year to the Tax Relief Fund for Maine Residents. Based on currently budgeted revenue, no transfers of General Fund revenue in excess of the appropriation limitation are expected through the end of fiscal year 2014-15. If actual revenue in these or later fiscal years exceeds budgeted revenue, leaving an excess for year-end distribution to the Fund, the balance, when sufficient, would be used to replace the revenues that would be lost by reducing individual income tax rates. The amount of rate reduction that would occur in any tax year is to be determined solely by reference to the balance of the Fund and the revenue that would be lost by any rate reduction effective for the following tax year. Since the funding for the rate reduction is non-recurring and the rate reductions permanent, it is possible that the bill could result in significantly reduced revenues for all years following the implementation of a tax rate reduction.