



129th MAINE LEGISLATURE

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Legislative Document

No. 1292

H.P. 935

House of Representatives, March 19, 2019

An Act To Lower Maine's Individual Income Tax

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative O'CONNOR of Berwick.
Cosponsored by Senator DOW of Lincoln and
Representatives: AUSTIN of Gray, DOLLOFF of Rumford, JOHANSEN of Monticello,
LOCKMAN of Bradley, MARTIN of Greene, ORDDAY of Standish, PICKETT of Dixfield,
WHITE of Washburn.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 5 MRSA §1518-A, sub-§1-A, ¶A**, as amended by PL 2015, c. 390, §1, is
3 further amended to read:

4 A. By November 1st annually, the State Tax Assessor shall calculate the amount by
5 which the income tax rates under Title 36, section 5111, ~~subsections 1-F, 2-F and 3-F~~
6 may be reduced during the subsequent tax year using the amount available from the
7 fund. Bracket rate reductions must be a minimum of 0.2 percentage points in the first
8 year in which reductions are made and a minimum of 0.1 percentage points in
9 subsequent years. If sufficient funds are not available to pay for the minimum
10 reduction, a rate reduction may not be made until the amount in the fund is sufficient
11 to pay for the reduction. When the amount is sufficient to pay for the reduction, the
12 reduction must first be applied equally to each bracket under Title 36, section 5111;
13 ~~subsections 1-F, 2-F and 3-F~~ until the lower bracket reaches 4%. Funds available
14 from the fund in subsequent years must be applied to reduce the higher bracket rates
15 until there is a single bracket with a rate of 4%, after which future tax relief may be
16 identified.

17 **Sec. 2. 36 MRSA §5111, sub-§1-F**, as enacted by PL 2015, c. 267, Pt. DD, §3, is
18 amended to read:

19 **1-F. Single individuals and married persons filing separate returns; tax years**
20 **beginning 2017, 2018 or 2019.** For tax years beginning ~~on or after January 1, 2017 in~~
21 2017, 2018 or 2019, for single individuals and married persons filing separate returns:

22 If Maine taxable income is:	The tax is:
23 Less than \$21,050	5.8% of the Maine taxable income
24 At least \$21,050 but less than \$50,000	\$1,221 plus 6.75% of the excess over 25 \$21,050
26 \$50,000 or more	\$3,175 plus 7.15% of the excess over 27 \$50,000

28 **Sec. 3. 36 MRSA §5111, sub-§1-G** is enacted to read:

29 **1-G. Single individuals and married persons filing separate returns; tax years**
30 **beginning 2020 or 2021.** For tax years beginning in 2020 or 2021, for single individuals
31 and married persons filing separate returns:

32 <u>If Maine taxable income is:</u>	<u>The tax is:</u>
33 <u>Less than \$21,050</u>	<u>5.2% of the Maine taxable income</u>
34 <u>At least \$21,050 but less than \$50,000</u>	<u>\$1,095 plus 6.3% of the excess over</u> 35 <u>\$21,050</u>
36 <u>\$50,000 or more</u>	<u>\$2,918 plus 7.05% of the excess over</u> 37 <u>\$50,000</u>

38 **Sec. 4. 36 MRSA §5111, sub-§1-H** is enacted to read:

1 **1-H. Single individuals and married persons filing separate returns; tax years**
2 **beginning 2022.** For tax years beginning on or after January 1, 2022, for single
3 individuals and married persons filing separate returns:

<u>If Maine taxable income is:</u>	<u>The tax is:</u>
<u>Less than \$21,050</u>	<u>5% of the Maine taxable income</u>
<u>At least \$21,050 but less than \$50,000</u>	<u>\$1,053 plus 6% of the excess over \$21,050</u>
<u>\$50,000 or more</u>	<u>\$2,790 plus 7% of the excess over \$50,000</u>

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

10 **2-F. Heads of households; tax years beginning 2017, 2018 or 2019.** For tax years
11 beginning ~~on or after January 1, 2017~~ in 2017, 2018 or 2019, for unmarried individuals or
12 legally separated individuals who qualify as heads of households:

<u>If Maine taxable income is:</u>	<u>The tax is:</u>
<u>Less than \$31,550</u>	<u>5.8% of the Maine taxable income</u>
<u>At least \$31,550 but less than \$75,000</u>	<u>\$1,830 plus 6.75% of the excess over</u> <u>\$31,550</u>
<u>\$75,000 or more</u>	<u>\$4,763 plus 7.15% of the excess over</u> <u>\$75,000</u>

19 **Sec. 6. 36 MRSA §5111, sub-§2-G** is enacted to read:

20 **2-G. Heads of households; tax years beginning 2020 or 2021.** For tax years
21 beginning in 2020 or 2021, for unmarried individuals or legally separated individuals
22 who qualify as heads of households:

<u>If Maine taxable income is:</u>	<u>The tax is:</u>
<u>Less than \$31,550</u>	<u>5.2% of the Maine taxable income</u>
<u>At least \$31,550 but less than \$75,000</u>	<u>\$1,641 plus 6.3% of the excess over</u> <u>\$31,550</u>
<u>\$75,000 or more</u>	<u>\$4,378 plus 7.05% of the excess over</u> <u>\$75,000</u>

29 **Sec. 7. 36 MRSA §5111, sub-§2-H** is enacted to read:

30 **2-H. Heads of households; tax years beginning 2022.** For tax years beginning on
31 or after January 1, 2022, for unmarried individuals or legally separated individuals who
32 qualify as heads of households:

<u>If Maine taxable income is:</u>	<u>The tax is:</u>
<u>Less than \$31,550</u>	<u>5% of the Maine taxable income</u>
<u>At least \$31,550 but less than \$75,000</u>	<u>\$1,578 plus 6% of the excess over \$31,550</u>
<u>\$75,000 or more</u>	<u>\$4,185 plus 7% of the excess over \$75,000</u>

37 **Sec. 8. 36 MRSA §5111, sub-§3-F**, as enacted by PL 2015, c. 267, Pt. DD, §7, is
38 amended to read:

1 **3-F. Individuals filing married joint returns or surviving spouses; tax years**
2 **beginning 2017, 2018 or 2019.** For tax years beginning ~~on or after January 1, 2017 in~~
3 2017, 2018 or 2019, for individuals filing married joint returns or surviving spouses
4 permitted to file a joint return:

5 If Maine taxable income is:	The tax is:
6 Less than \$42,100	5.8% of the Maine taxable income
7 At least \$42,100 but less than \$100,000	\$2,442 plus 6.75% of the excess over
8	\$42,100
9 \$100,000 or more	\$6,350 plus 7.15% of the excess over
10	\$100,000

11 **Sec. 9. 36 MRSA §5111, sub-§3-G** is enacted to read:

12 **3-G. Individuals filing married joint returns or surviving spouses; tax years**
13 **beginning 2020 or 2021.** For tax years beginning in 2020 or 2021, for individuals filing
14 married joint returns or surviving spouses permitted to file a joint return:

15 <u>If Maine taxable income is:</u>	<u>The tax is:</u>
16 <u>Less than \$42,100</u>	<u>5.2% of the Maine taxable income</u>
17 <u>At least \$42,100 but less than \$100,000</u>	<u>\$2,189 plus 6.3% of the excess over</u>
18	<u>\$42,100</u>
19 <u>\$100,000 or more</u>	<u>\$5,837 plus 7.05% of the excess over</u>
20	<u>\$100,000</u>

21 **Sec. 10. 36 MRSA §5111, sub-§3-H** is enacted to read:

22 **3-H. Individuals filing married joint returns or surviving spouses; tax years**
23 **beginning 2022.** For tax years beginning on or after January 1, 2022, for individuals
24 filing married joint returns or surviving spouses permitted to file a joint return:

25 <u>If Maine taxable income is:</u>	<u>The tax is:</u>
26 <u>Less than \$42,100</u>	<u>5% of the Maine taxable income</u>
27 <u>At least \$42,100 but less than \$100,000</u>	<u>\$2,105 plus 6% of the excess over \$42,100</u>
28 <u>\$100,000 or more</u>	<u>\$5,579 plus 7% of the excess over</u>
29	<u>\$100,000</u>

30 **Sec. 11. 36 MRSA §5403, sub-§1, ¶B,** as enacted by PL 2015, c. 267, Pt. DD,
31 §33, is amended to read:

32 B. Beginning in 2017 and each year thereafter, by the highest taxable income dollar
33 amount of each tax rate table specified in section 5111, except that for the purposes
34 of this paragraph, notwithstanding section 5402, subsection 1-B, the "cost-of-living
35 adjustment" is the Chained Consumer Price Index for the 12-month period ending
36 June 30th of the preceding calendar year divided by the Chained Consumer Price
37 Index for the 12-month period ending June 30, 2016;

SUMMARY

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This bill decreases over 3 years the rate of taxation imposed on individual income by:

1. Decreasing the lowest rate from 5.8% to 5.2% for tax years 2020 and 2021 and to 5% beginning in 2022;
2. Decreasing the middle rate from 6.75% to 6.3% for tax years 2020 and 2021 and to 6% beginning in 2022; and
3. Decreasing the highest rate from 7.15% to 7.05% for tax years 2020 and 2021 and to 7% beginning in 2022.

This bill also changes cross-references in the Tax Relief Fund for Maine Residents and inflation adjustment statutes.