

130th MAINE LEGISLATURE

FIRST REGULAR SESSION-2021

Legislative Document

No. 1289

H.P. 950

House of Representatives, March 30, 2021

An Act To Cut Property Taxes for Maine Residential Homeowners

Received by the Clerk of the House on March 26, 2021. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

R(+ B. Hunt

ROBERT B. HUNT Clerk

Presented by Representative PERRY of Bangor.

1 Be it enacted by the People of the State of Maine as follows: 2 Sec. 1. 36 MRSA §683, sub-§1-B, as amended by PL 2019, c. 343, Pt. H, §2, is further amended to read: 3 4 1-B. Additional exemption. A homestead eligible for an exemption under subsection 5 1 is eligible for an additional exemption of \$5,000 of the just value of the homestead for property tax years beginning on April 1, 2016, \$10,000 of the just value of the homestead 6 for property tax years beginning on April 1, 2017, April 1, 2018 and April 1, 2019 and, 7 8 \$15,000 of the just value of the homestead for property tax years beginning on or after 9 April 1, 2020 and April 1, 2021, \$25,000 of the just value of the homestead for property tax years beginning on April 1, 2022, \$35,000 of the just value of the homestead for 10 property tax years beginning on April 1, 2023 and \$45,000 for property tax years beginning 11 on or after April 1, 2024. 12 13 Sec. 2. 36 MRSA §5111, sub-§1-F, as enacted by PL 2015, c. 267, Pt. DD, §3, is 14 amended to read: 15 1-F. Single individuals and married persons filing separate returns; tax years 16 beginning in 2017 to 2021. For tax years beginning on or after January 1, 2017 but no 17 later than December 31, 2021, for single individuals and married persons filing separate 18 returns: 19 If Maine taxable income is: The tax is: 20 Less than \$21,050 5.8% of the Maine taxable income 21 At least \$21,050 but less than \$50,000 \$1,221 plus 6.75% of the excess over 22 \$21.050 23 \$50,000 or more \$3,175 plus 7.15% of the excess over 24 \$50,000 25 Sec. 3. 36 MRSA §5111, sub-§1-G is enacted to read: 26 1-G. Single individuals and married persons filing separate returns; tax years beginning 2022. For tax years beginning on or after January 1, 2022, for single individuals 27 28 and married persons filing separate returns: 29 If Maine taxable income is: The tax is: 30 Less than \$21,050 5.8% of the Maine taxable income 31 At least \$21,050 but less than \$50,000 \$1,221 plus 6.75% of the excess over 32 \$21,050 33 At least \$50,000 but less than \$300,000 \$3,175 plus 7.15% of the excess over 34 \$50,000 35 \$300,000 or more \$21,050 plus 7.95% of the excess over 36 \$300,000 37 Sec. 4. 36 MRSA §5111, sub-§2-F, as enacted by PL 2015, c. 267, Pt. DD, §5, is 38 amended to read: 39 2-F. Heads of households; tax years beginning in 2017 to 2021. For tax years beginning on or after January 1, 2017 but no later than December 31, 2021, for unmarried 40 41 individuals or legally separated individuals who qualify as heads of households: 42 If Maine taxable income is: The tax is

1 2 3 4 5	Less than \$31,550 At least \$31,550 but less than \$75,000 \$75,000 or more	 5.8% of the Maine taxable income \$1,830 plus 6.75% of the excess over \$31,550 \$4,763 plus 7.15% of the excess over \$75,000
6	Sec. 5. 36 MRSA §5111, sub-§2-G is enacted to read:	
7 8 9	2-G. Heads of households; tax years beginning 2022. For tax years beginning on or after January 1, 2022, for unmarried individuals or legally separated individuals who qualify as heads of households:	
10 11 12 13	If Maine taxable income is: Less than \$31,550 At least \$31,550 but less than \$75,000	The tax is: 5.8% of the Maine taxable income \$1,830 plus 6.75% of the excess over \$31,550
14 15 16 17	<u>At least \$75,000 but less than \$450,000</u> <u>\$450,000 or more</u>	\$4,763 plus 7.15% of the excess over \$75,000 \$31,575 plus 7.95% of the excess over \$450,000
18 19	Sec. 6. 36 MRSA §5111, sub-§3-F, as enacted by PL 2015, c. 267, Pt. DD, §7, is amended to read:	
20 21 22 23	3-F. Individuals filing married joint returns or surviving spouses; tax years beginning in 2017 to 2021. For tax years beginning on or after January 1, 2017 but no later than December 31, 2021, for individuals filing married joint returns or surviving spouses permitted to file a joint return:	
24 25 26 27 28 29	If Maine taxable income is: Less than \$42,100 At least \$42,100 but less than \$100,000 \$100,000 or more	The tax is: 5.8% of the Maine taxable income \$2,442 plus 6.75% of the excess over \$42,100 \$6,350 plus 7.15% of the excess over \$100,000
30	Sec. 7. 36 MRSA §5111, sub-§3-G is enacted to read:	
31 32 33	<u>3-G. Individuals filing married joint returns or surviving spouses; tax years</u> <u>beginning 2022.</u> For tax years beginning on or after January 1, 2022, for individuals filing married joint returns or surviving spouses permitted to file a joint return:	
34 35 36 37	If Maine taxable income is: Less than \$42,100 At least \$42,100 but less than \$100,000	<u>The tax is:</u> 5.8% of the Maine taxable income \$2,442 plus 6.75% of the excess over \$42,100
38 39 40 41	<u>At least \$100,000 but less than \$600,000</u> <u>\$600,000 or more</u>	\$6,350 plus 7.15% of the excess over \$100,000 \$41,200 plus 7.95% of the excess over \$600,000
42 43	Sec. 8. 36 MRSA §5403, sub-§1, amended to read:	as enacted by PL 2015, c. 267, Pt. DD, §33, is

1 1. Individual income tax rate tables. For the tax rate tables in section 5111:

A. Beginning in 2016 and each year thereafter <u>through 2021</u>, by the lowest dollar amounts of the tax rate tables specified in section 5111, subsections 1-F, 2-F and 3-F, except that for the purposes of this paragraph, notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12month period ending June 30th of the preceding calendar year divided by the Chained Consumer Price Index for the 12-month period ending June 30, 2015; and

8 B. Beginning in 2017 and each year thereafter, by the highest taxable income dollar 9 amount of each tax rate table, except that for the purposes of this paragraph, 10 notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the 11 Chained Consumer Price Index for the 12-month period ending June 30th of the 12 preceding calendar year divided by the Chained Consumer Price Index for the 12-13 month period ending June 30, 2016; and

14C. Beginning in 2022 and each year thereafter, by the lowest dollar amounts of the tax15rate tables specified in section 5111, subsections 1-G, 2-G and 3-G, except that for the16purposes of this paragraph, notwithstanding section 5402, subsection 1-B, the "cost-of-17living adjustment" is the Chained Consumer Price Index for the 12-month period18ending June 30th of the preceding calendar year divided by the Chained Consumer19Price Index for the 12-month period ending June 30, 2021;

SUMMARY

20

This bill creates a new income tax rate of 7.95% for tax years beginning on or after January 1, 2022 for income exceeding \$300,000 for single individuals and married persons filing separately, \$450,000 for individuals filing as heads of household and \$600,000 for individuals filing married joint returns or as surviving spouses. The bill also increases the homestead property tax exemption from \$25,000 in 2021 to \$35,000 in 2022, \$45,000 in 2023 and \$55,000 in 2024.