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Legislative Document

No. 532

S.P. 219

In Senate, February 24, 2021

An Act To Lower Income Taxes for Middle-income Families in Maine

Received by the Secretary of the Senate on February 22, 2021. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator BALDACCI of Penobscot.
Cosponsored by Representatives: MATLACK of St. George, ROEDER of Bangor.

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

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

4 **1-F. Single individuals and married persons filing separate returns; tax years**
5 **beginning from 2017 to 2021.** For tax years beginning on or after January 1, 2017 but not
6 later than December 31, 2021, for single individuals and married persons filing separate
7 returns:

8 If Maine taxable income is:	The tax is:
9 Less than \$21,050	5.8% of the Maine taxable income
10 At least \$21,050 but less than \$50,000	\$1,221 plus 6.75% of the excess over
11	\$21,050
12 \$50,000 or more	\$3,175 plus 7.15% of the excess over
13	\$50,000

14 **Sec. 2. 36 MRSA §5111, sub-§1-G** is enacted to read:

15 **1-G. Single individuals and married persons filing separate returns; tax years**
16 **beginning 2022.** For tax years beginning on or after January 1, 2022, for single individuals
17 and married persons filing separate returns:

18 <u>If Maine taxable income is:</u>	<u>The tax is:</u>
19 <u>Less than \$21,050</u>	<u>5.8% of the Maine taxable income</u>
20 <u>At least \$21,050 but less than \$50,000</u>	<u>\$1,221 plus 6.75% of the excess over</u>
21	<u>\$21,050</u>
22 <u>At least \$50,000 but less than \$200,000</u>	<u>\$3,175 plus 7.15% of the excess over</u>
23	<u>\$50,000</u>
24 <u>\$200,000 or more</u>	<u>\$13,900 plus 7.95% of the excess over</u>
25	<u>\$200,000</u>

26 **Sec. 3. 36 MRSA §5111, sub-§2-F**, as enacted by PL 2015, c. 267, Pt. DD, §5, is
27 amended to read:

28 **2-F. Heads of households; tax years beginning from 2017 to 2021.** For tax years
29 beginning on or after January 1, 2017 but not later than December 31, 2021, for unmarried
30 individuals or legally separated individuals who qualify as heads of households:

31 If Maine taxable income is:	The tax is:
32 Less than \$31,550	5.8% of the Maine taxable income
33 At least \$31,550 but less than \$75,000	\$1,830 plus 6.75% of the excess over
34	\$31,550
35 \$75,000 or more	\$4,763 plus 7.15% of the excess over
36	\$75,000

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

38 **2-G. Heads of households; tax years beginning 2022.** For tax years beginning on or
39 after January 1, 2022, for unmarried individuals or legally separated individuals who
40 qualify as heads of households:

41 <u>If Maine taxable income is:</u>	<u>The tax is:</u>
42 <u>Less than \$31,550</u>	<u>5.8% of the Maine taxable income</u>

1	<u>At least \$31,550 but less than \$75,000</u>	<u>\$1,830 plus 6.75% of the excess over</u>
2		<u>\$31,550</u>
3	<u>At least \$75,000 but less than \$300,000</u>	<u>\$4,763 plus 7.15% of the excess over</u>
4		<u>\$75,000</u>
5	<u>\$300,000 or more</u>	<u>\$20,850 plus 7.95% of the excess over</u>
6		<u>\$300,000</u>

7 **Sec. 5. 36 MRSA §5111, sub-§3-F**, as enacted by PL 2015, c. 267, Pt. DD, §7, is
8 amended to read:

9 **3-F. Individuals filing married joint returns or surviving spouses; tax years**
10 **beginning from 2017 to 2021.** For tax years beginning on or after January 1, 2017 but not
11 later than December 31, 2021, for individuals filing married joint returns or surviving
12 spouses permitted to file a joint return:

13	If Maine taxable income is:	The tax is:
14	Less than \$42,100	5.8% of the Maine taxable income
15	At least \$42,100 but less than \$100,000	\$2,442 plus 6.75% of the excess over
16		\$42,100
17	\$100,000 or more	\$6,350 plus 7.15% of the excess over
18		\$100,000

19 **Sec. 6. 36 MRSA §5111, sub-§3-G** is enacted to read:

20 **3-G. Individuals filing married joint returns or surviving spouses; tax years**
21 **beginning 2022.** For tax years beginning on or after January 1, 2022, for individuals filing
22 married joint returns or surviving spouses permitted to file a joint return:

23	<u>If Maine taxable income is:</u>	<u>The tax is:</u>
24	<u>Less than \$42,100</u>	<u>5.8% of the Maine taxable income</u>
25	<u>At least \$42,100 but less than \$100,000</u>	<u>\$2,442 plus 6.75% of the excess over</u>
26		<u>\$42,100</u>
27	<u>At least \$100,000 but less than \$400,000</u>	<u>\$6,350 plus 7.15% of the excess over</u>
28		<u>\$100,000</u>
29	<u>\$400,000 or more</u>	<u>\$27,800 plus 7.95% of the excess over</u>
30		<u>\$400,000</u>

31 **Sec. 7. 36 MRSA §5403, sub-§1**, as enacted by PL 2015, c. 267, Pt. DD, §33, is
32 amended to read:

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

34 A. Beginning in 2016 and each year thereafter through 2021, by the lowest dollar
35 amounts of the tax rate tables specified in section 5111, subsections 1-F, 2-F and 3-F,
36 except that for the purposes of this paragraph, notwithstanding section 5402, subsection
37 1-B, the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-
38 month period ending June 30th of the preceding calendar year divided by the Chained
39 Consumer Price Index for the 12-month period ending June 30, 2015; ~~and~~

40 B. Beginning in 2017 and each year thereafter, by the highest taxable income dollar
41 amount of each tax rate table, except that for the purposes of this paragraph,
42 notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the
43 Chained Consumer Price Index for the 12-month period ending June 30th of the

1 preceding calendar year divided by the Chained Consumer Price Index for the 12-
2 month period ending June 30, 2016; and

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

9 **Sec. 8. 36 MRSA §5213-B** is enacted to read:

10 **§5213-B. Tax reduction credit**

11 **1. Credit allowed.** For tax years beginning on or after January 1, 2022, an eligible
12 individual is allowed a credit equal to 10% of the taxes due under this Part after the
13 application of all other credits.

14 **2. Eligible individuals.** For the purposes of this section, "eligible individual" means:

15 A. Single individuals and married persons filing separate returns with taxable income
16 less than \$60,000;

17 B. Heads of households with taxable income less than \$90,000; and

18 C. Individuals filing married joint returns and surviving spouses with taxable income
19 less than \$120,000.

20 **SUMMARY**

21 This bill provides a credit to reduce income taxes by 10% for individuals filing as single
22 individuals and married persons filing separately with taxable income under \$60,000, heads
23 of households with taxable income under \$90,000 and individuals filing married joint
24 returns and surviving spouses with taxable income under \$120,000. The bill also provides
25 an additional income tax bracket with a tax rate of 7.95% for individuals filing as single
26 individuals and married persons filing separately with taxable income exceeding \$200,000,
27 heads of households with taxable income exceeding \$300,000 and individuals filing
28 married joint returns and surviving spouses with taxable income exceeding \$400,000.