

131st MAINE LEGISLATURE

FIRST REGULAR SESSION-2023

Legislative Document

No. 1213

S.P. 494

In Senate, March 20, 2023

An Act to Reform Income Taxes by Reducing Tax Rates for Each of the 3 Income Tax Brackets

Reference to the Committee on Taxation suggested and ordered printed.

DAREK M. GRANT Secretary of the Senate

Presented by Senator BALDACCI of Penobscot. Cosponsored by Senator: TIMBERLAKE of Androscoggin.

1	Be it enacted by the People of the State of Maine as follows:	
2 3	Sec. 1. 36 MRSA §5111, sub-§1-F, as enacted by PL 2015, c. 267, Pt. DD, §3, is amended to read:	
4 5 6 7	1-F. Single individuals and married persons filing separate returns; tax years beginning from 2017 to 2022. For tax years beginning on or after January 1, 2017 but not later than December 31, 2022, for single individuals and married persons filing separate returns:	
8 9 10 11	If Maine taxable income is: Less than \$21,050 At least \$21,050 but less than \$50,000	The tax is: 5.8% of the Maine taxable income \$1,221 plus 6.75% of the excess over \$21,050
12 13	\$50,000 or more	\$3,175 plus 7.15% of the excess over \$50,000
14	Sec. 2. 36 MRSA §5111, sub-§1-	G is enacted to read:
15 16 17	1-G. Single individuals and married persons filing separate returns; tax years beginning 2023. For tax years beginning on or after January 1, 2023, for single individuals and married persons filing separate returns:	
18 19 20 21 22 23	If Maine taxable income is: Less than \$23,000 At least \$23,000 but less than \$54,450 At least \$54,450 but less than \$80,000 \$80,000 or more	The tax is: 2.9% of the Maine taxable income \$667 plus 5% of the excess over \$23,000 \$2,239 plus 7% of the excess over \$54,450 \$4,028 plus 7.15% of the excess over \$80,000
24 25	Sec. 3. 36 MRSA §5111, sub-§2-amended to read:	-F, as enacted by PL 2015, c. 267, Pt. DD, §5, is
26 27 28	2-F. Heads of households; tax years beginning from 2017 to 2022. For tax years beginning on or after January 1, 2017 but not later than December 31, 2022, for unmarried individuals or legally separated individuals who qualify as heads of households:	
29 30 31 32 33	If Maine taxable income is: Less than \$31,550 At least \$31,550 but less than \$75,000 \$75,000 or more	The tax is: 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
34 35	Sec. 4. 36 MRSA §5111, sub-§2-	\$75,000
36	0 / 0	s beginning 2023. For tax years beginning on or
37 38		dividuals or legally separated individuals who
39 40 41 42	If Maine taxable income is: Less than \$34,500 At least \$34,500 but less than \$81,700 At least \$81,700 but less than \$120,000	The tax is: 2.9% of the Maine taxable income \$1,001 plus 5% of the excess over \$34,500 \$3,326 plus 7% of the excess over \$81,700

\$120,000 or more	\$6,007 plus 7.15% of the excess over \$120,000	
Sec. 5. 36 MRSA §5111, sub-§3-F, as enacted by PL 2015, c. 267, Pt. DD, §7, is amended to read:		
3-F. Individuals filing married joint returns or surviving spouses; tax years beginning from 2017 to 2022. For tax years beginning on or after January 1, 2017 but not later than December 31, 2022, for individuals filing married joint returns or surviving		
spouses permitted to file a joint return:	mi .	
If Maine taxable income is: Less than \$42,100 At least \$42,100 but less than \$100,000	The tax is: 5.8% of the Maine taxable income \$2,442 plus 6.75% of the excess over \$42,100	
\$100,000 or more	\$6,350 plus 7.15% of the excess over \$100,000	
Sec. 6. 36 MRSA §5111, sub-§3-	G is enacted to read:	
3-G. Individuals filing married joint returns or surviving spouses; tax years beginning 2023. For tax years beginning on or after January 1, 2023, for individuals filing married joint returns or surviving spouses permitted to file a joint return:		
If Maine taxable income is: Less than \$46,000 At least \$46,000 but less than \$108,900 At least \$108,900 but less than \$160,000	The tax is: 2.9% of the Maine taxable income \$1,334 plus 5% of the excess over \$46,000 \$4,479 plus 7% of the excess over \$108,900	
\$160,000 or more	\$8,056 plus 7.15% of the excess over \$160,000	
Sec. 7. 36 MRSA §5403, sub-§1, is amended to read:	¶A, as enacted by PL 2015, c. 267, Pt. DD, §33,	
A. Beginning in 2016 and each year thereafter, by the lowest dollar amounts of the tax rate tables specified in section 5111, subsections 1-F, 2-F and 3-F and subsections 1-G, 2-G and 3-G, 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 12-month 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		
SUMMARY		
This bill reduces individual income taxes by reducing the rate of tax on the first income tax bracket from 5.8% to 2.9%, the rate of tax on the 2nd income tax bracket from 6.75% to 5% and the rate of tax on the 3rd income tax bracket from 7.15% to 7%. The bill maintains the current 7.15% rate of tax for single filers on income over \$80,000, heads of household on income over \$120,000 and married joint filers on income over \$160,000. The rate changes apply to tax years beginning on or after January 1, 2023.		