

Shaded LDs have been voted on by the Committee

# WS 5/17/2023pm

**TAXATION COMMITTEE  
131<sup>st</sup> LEGISLATURE  
1st REG SESSION**

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LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT <sup>1</sup>	
								FY24	FY25
667	1948	3/23	4/5 5/17	Collings	An Act to Impose a Tax Surcharge on Certain Incomes	<p>This bill <u>establishes an income tax surcharge</u> of:</p> <ol style="list-style-type: none"> <li>3% on taxable income in excess of \$1,000,000 up to \$10,000,000 and</li> <li>6% on taxable income in excess of \$10,000,000</li> </ol> <p><u>and requires that the revenue collected from the surcharge must be spent on</u></p> <ol style="list-style-type: none"> <li>75% on public K-12 education and</li> <li>25% on rural economic development.</li> </ol> <p>Administration opposes bill MRS has technical concerns</p>	4/5 tabled	<p>MRS Estimates</p> <p>Admin costs      Under review</p> <p>Revenue impact    \$115,000,000 FY 24</p>	
971	855	3/23	4/5 5/17	Carmichael	An Act to Establish the Income Tax Relief Fund for Maine Residents	<p>This bill</p> <ol style="list-style-type: none"> <li><u>Establishes the Income Tax Relief Fund for Maine Residents</u></li> <li><u>for the purpose of reducing individual income tax rates.</u></li> <li>The <u>fund receives a transfer</u> at the close of each fiscal year <u>of the amount by which GF revenue for that fiscal year exceeds GF revenue for the preceding fiscal year adjusted by the growth limitation factor.</u></li> <li><u>STA uses amount in Fund to reduce bracket rates</u></li> </ol> <p>Administration opposes bill. MRS has technical concerns.</p>	4/5 tabled	<p>MRS Estimates</p> <p>Admin costs      Nominal, can be absorbed</p> <p>Revenue impact    Not available at this time</p>	

<sup>1</sup> . Numbers may represent preliminary estimates and are subject to change. For more detail, please see fiscal note documents in LD file.

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1213	606	4/11	5/17	Baldacci	An Act to Reform Income Taxes by Reducing Tax Rates for Each of the 3 Income Tax Brackets	<p><u>Current tax brackets 2023TYs:</u></p> <p><u>Single; married separate returns:</u>            \$0 to \$23,000 5.5%            \$23,000 to \$54,450 6.75%            \$54,450 and over 7.15%</p> <p><u>Heads of household:</u>            \$0 to \$34,500 5.5%            \$34,500 to \$81,700 6.75%            \$81,700 and over 7.15%</p> <p><u>Married joint; surviving spouse:</u>            \$0 to \$46,000 5.5%            \$46,000 to \$108,900 6.75%            \$108,900 and over 7.15%</p> <p><u>This bill tax brackets 2023TYs:</u></p> <p><u>Single; married separate returns:</u>            \$0 to \$23,000 2.9%            \$23,000 to \$54,450 5%            \$54,450 to \$80,000 7%            \$80,000 and over 7.15%</p> <p><u>Heads of household:</u>            \$0 to \$34,500 2.9%            \$34,500 to \$81,700 5%            \$81,700 to \$120,000 7%            \$120,000 and over 7.15%</p> <p><u>Married joint; surviving spouse:</u>            \$0 to \$46,000 2.9%            \$46,000 to \$108,900 6.75%            \$108,900 to \$160,000 7%            \$160,000 and over 7.15%</p> <p><b>SPONSOR AMENDMENT 4/7:</b></p>		<p>MRS estimates</p> <p>Admin costs Not yet determined</p> <p>Revenue loss \$273,000,000 annual</p>	

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						<p>Taxpayers in following categories pay 3% on total taxable income:</p> <p>Single up to \$45,000  Heads of Household up to \$69,000  Married joint up to \$90,000</p> <p>Taxpayers with higher taxable income would pay according to current rates and brackets.</p> <p>MRS reviewing sponsor's proposed amendment.</p>			
1231	1161	5/3	5/17	Carmichael	An Act to Bring Fairness in Income Taxes to Maine Families by Adjusting the Tax Brackets	<p>CONCEPT DRAFT:</p> <p>This bill is a concept draft pursuant to Joint Rule 208. This bill would <u>change the income tax brackets</u> for imposition of the individual Maine income tax but <u>retain the same tax rates</u>.</p>			
1434	1546	5/3	5/17	Libby	An Act to Abolish the Maine Income Tax and Establish a Zerobased Budget	<p>This bill <u>eliminates the Maine income tax</u> beginning January 1, 2026.</p> <p>It requires <u>DAFS to review provisions of law</u> that refer to income tax and <u>submit a report</u>, including suggested legislation, to the Second Regular Session of the 131st Legislature <u>identifying necessary changes to implement the elimination</u>.</p> <p>The bill <u>also requires DAFS to review current laws relating to budget development and submit legislation to the Second Regular Session to provide for a new zero-based budgeting system in which agencies would be subject to zero-based budgeting every 8 years and in the interim years be subject to review and alternative budget requirements including budget reduction proposals</u>.</p> <p>MRS has technical concerns.</p>		<p>MRS estimates</p> <p>Admin costs Nominal/absorbed</p> <p>Revenue impact Annual loss \$2.5 billion</p>	

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1538	142	5/10	5/17	Brenner	An Act to Provide Tax Benefits to Persons Constructing Accessory Dwelling Units	<p>This bill <u>requires</u></p> <ol style="list-style-type: none"> <li><u>reimbursement by the State for up to 10 years</u></li> <li><u>to an owner of single family or multifamily residence</u></li> <li><u>of a percentage of property taxes paid due to an increase in the taxes (on value increase up to \$200,000)</u></li> <li><u>because of the construction of an accessory dwelling unit (ADU) (an attached or detached dwelling unit on the same lot or parcel as an existing or proposed single-family or multifamily residence that allows for independent living for one or more persons and contains kitchen and bathroom facilities and sleeping accommodations).</u></li> </ol> <p><u>The percentage of reimbursement is 100% of the increase in PT in the first 5 years declining to 5% in the 10<sup>th</sup> year.</u></p> <p><u>MRS has identified several areas in the bill where clarification is needed.</u></p>		<p>MRS estimates</p> <p>Administration will require significant amount of State resources.</p>	
1638	1576	5/3	5/17	Brakey	An Act to Lower the State's Individual Income Tax	<p>This bill <u>decreases the individual income tax rates imposed on individual income tax brackets as follows:</u></p> <ol style="list-style-type: none"> <li><u>For tax years 2023 and 2024, the tax rates are decreased from 5.8%, 6.75% and 7.15% to 5.2%, 6.3% and 7.05%, respectively; and</u></li> <li><u>Beginning with tax year 2025, the rates are decreased to 5%, 6% and 7%.</u></li> </ol> <p><u>MRS has "significant" technical concerns.</u></p>		<p>MRS estimates</p> <p>Estimates not available at time of PH</p>	

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1651	1080	5/3	5/17	Arata	An Act to Reduce the State Income Tax	<p>CONCEPT DRAFT:</p> <p>This bill is a concept draft pursuant to Joint Rule 208. This bill <u>would reduce the rates of state tax imposed on individual and corporate income.</u></p>			
1671	952	5/3	5/71	Ducharme	An Act to Reduce the Income Tax to 4.5 Percent on the Lowest Tax Bracket and Remove Low-income Families from Taxation	<p>This bill <u>decreases the rate of income tax imposed on the lowest bracket</u> of individual income for single individuals and married persons filing separate returns, heads of households and persons filing married joint returns from 5.8% to 4.5%. <u>Other brackets remain the same</u> as under current law.</p> <p>The decreased rate <u>applies to tax years beginning on or after January 1, 2023.</u></p> <p>MRS has technical concerns regarding application to TY 2023.</p>		<p>MRS estimates</p> <p>Admin costs depend on technical correction</p> <p>Revenue impact \$200,000,000 annually</p>	
1866	2110	5/17	5/17	Collings	An Act to Establish 5 New Tax Brackets and a Surcharge for Higher Income Levels	<p>This bill:</p> <ol style="list-style-type: none"> <li>1. <u>Makes modifications to existing income tax brackets.</u></li> <li>2. <u>Establishes 5 new tax brackets</u> for income exceeding \$100,000 for persons filing as single individuals or married individuals filing separately, \$150,000 for individuals filing as heads of households and \$200,000 for individuals filing married joint returns or surviving spouses and</li> <li>3. <u>Imposes a 3% surcharge on incomes of at least \$1,000,000 and a 6% surcharge on incomes of \$10,000,000 or more.</u></li> </ol>			