

Shaded LDs have been voted on by the Committee

WS 3/18/21

TAXATION COMMITTEE

MLS 3/18/2021 7:57 AM

130th LEGISLATURE

1st REG SESSION

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT ¹	
								FY22	FY23
328	711	3/9		Harnett	An Act To Fully Fund and Restore State-Municipal Revenue Sharing	<p>This bill increases state-municipal revenue sharing to 5% from 3.75% retroactively beginning 1/1/21.</p> <p>This bill is identical to LD 409.</p> <p>CURRENT LAW: RevSh % until 6/30/21 is 3.75% RevSh % beginning 7/1/21 is 5%</p> <p>OTHER PROPOSALS: LDs 328 and 409 set % at 5% 1/1/21.</p> <p>Biennial budget proposal: Maintain % at 3.75% through 6/30/23. Then returns to 5%.</p> <p>OFPR <i>Compendium of State Fiscal Information</i> includes history of Revenue Sharing percentages and transfers (p. 65) http://legislature.maine.gov/doc/4877</p>		<p>MRS preliminary estimate</p> <p>GF revenue loss: LD 328/409</p> <p>FY 2021 \$5,000,000 FY 2022, 2023 \$47,000,000 (compared to biennial budget proposal)</p> <p>LD 403 FY 2022, 2023 \$38,000,000 (compared to biennial budget proposal)</p>	

¹ . 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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								FY22	FY23
403	622	3/9		Madigan	An Act To Assist Service Center Communities by Adjusting State-Municipal Revenue Sharing	<p>This bill, for fiscal years 2021-22 and 2022-23, sets the percentage of state-municipal revenue sharing at 4.25%, which is one-half of a percentage point above the amount proposed in the Governor's 2022-2023 biennial budget.</p> <p>Despite bill title, there is no special benefit for service center communities.</p> <p>CURRENT LAW: RevSh % until 6/30/21 is 3.75% RevSh % beginning 7/1/21 is 5%</p> <p>OTHER PROPOSALS: LDs 328 and 409 set % at 5% 1/1/21.</p> <p>Biennial budget proposal: Maintain % at 3.75% through 6/30/23. Then returns to 5%.</p>		<p>MRS preliminary estimate</p> <p>GF revenue loss: LD 328/409</p> <p>FY 2021 \$5,000,000 FY 2022, 2023 \$47,000,000 (compared to biennial budget proposal)</p> <p>LD 403 FY 2022, 2023 \$38,000,000 (compared to biennial budget proposal)</p>	
409	1054	3/9		Riseman	An Act To Provide Funding To Restore Fully State-Municipal Revenue Sharing	<p>This bill increases state-municipal revenue sharing to 5% from 3.75% retroactively beginning 1/1/21.</p> <p><u>This bill is identical to LD 328.</u></p> <p>CURRENT LAW: RevSh % until 6/30/21 is 3.75% RevSh % beginning 7/1/21 is 5%</p> <p>OTHER PROPOSALS: LDs 328 and 409 set % at 5% 1/1/21.</p> <p>Biennial budget proposal: Maintain % at 3.75% through 6/30/23. Then returns to 5%.</p>		<p>MRS preliminary estimate</p> <p>GF revenue loss: LD 328/409</p> <p>FY 2021 \$5,000,000 FY 2022, 2023 \$47,000,000 (compared to biennial budget proposal)</p> <p>LD 403 FY 2022, 2023 \$38,000,000 (compared to biennial budget proposal)</p>	

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498	903	3/9		Sylvester	An Act To Reauthorize a 3 Percent Tax on Income over \$200,000 To Lift All Maine Workers out of Poverty	<p>This bill:</p> <ol style="list-style-type: none"> 1. Imposes a <u>3% income tax surcharge</u> on taxable income <u>exceeding \$200,000</u> and 2. Increases the Maine earned income tax credit from 25% of the federal credit to 100% of the federal credit. <p>MRS concerns:</p> <ol style="list-style-type: none"> 1. Does \$200,000 threshold apply to all filers (i.e. married joint filers and heads of household)? 2. Does the threshold apply to income of trusts and estates? 		<p>MRS preliminary estimate</p> <p>Cannot be determined without answers to coverage concerns.</p> <p><u>Estimated revenue on 3% for education referendum:</u></p> <table> <tr> <td>FY 18</td> <td>\$176,300,000</td> </tr> <tr> <td>FY 19</td> <td>\$151,500,000</td> </tr> <tr> <td>FY 20</td> <td>\$161,300,000</td> </tr> <tr> <td>FY 21</td> <td>\$171,900,000</td> </tr> </table>	FY 18	\$176,300,000	FY 19	\$151,500,000	FY 20	\$161,300,000	FY 21	\$171,900,000								
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501	1123	3/9		Brooks	An Act To Amend Maine's Corporate Income Tax by Increasing the Top Rate from 8.93 Percent to 12.4 Percent	<p>This bill <u>increases the income tax rate on corporations</u> in the top income tax bracket from 8.93% to 12.4% for tax years beginning on or after January 1, 2022.</p> <p><u>Current corporate IT rates:</u></p> <table> <tr> <td>\$0 to \$350,000</td> <td>3.5%</td> </tr> <tr> <td>\$350,000 to \$1,050,000</td> <td>7.93%</td> </tr> <tr> <td>\$1,050,000 to \$3,500,000</td> <td>8.33%</td> </tr> <tr> <td>\$3,500,000 and over</td> <td>8.93%</td> </tr> </table> <p><u>Corporate IT rates proposed by bill:</u></p> <table> <tr> <td>\$0 to \$350,000</td> <td>3.5%</td> </tr> <tr> <td>\$350,000 to \$1,050,000</td> <td>7.93%</td> </tr> <tr> <td>\$1,050,000 to \$3,500,000</td> <td>8.33%</td> </tr> <tr> <td>\$3,500,000 and over</td> <td>12.4%</td> </tr> </table> <p>Link to <u>Tax Foundation list of corporate income tax rates for all states.</u> https://taxfoundation.org/publications/state-corporate-income-tax-rates-and-brackets/</p>	\$0 to \$350,000	3.5%	\$350,000 to \$1,050,000	7.93%	\$1,050,000 to \$3,500,000	8.33%	\$3,500,000 and over	8.93%	\$0 to \$350,000	3.5%	\$350,000 to \$1,050,000	7.93%	\$1,050,000 to \$3,500,000	8.33%	\$3,500,000 and over	12.4%		<p>MRS preliminary estimate</p> <p><u>Revenue increase:</u> \$75,000,000/year</p> <p><u>Admin costs:</u> Nominal, can be absorbed</p>
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