



131st MAINE LEGISLATURE

LD 1638

LR 1576(01)

An Act to Lower the State's Individual Income Tax

Preliminary Fiscal Impact Statement for Original Bill

Sponsor: Sen. Brakey of Androscoggin

Committee: Taxation

Fiscal Note Required: Yes

Preliminary Fiscal Impact Statement

| | FY 2023-24 | FY 2024-25 | Projections FY 2025-26 | Projections FY 2026-27 |
|-----------------------------------|-----------------|-----------------|---------------------------|---------------------------|
| Net Cost (Savings) | | | | |
| General Fund | \$180,444,000 | \$169,527,500 | \$222,252,500 | \$247,285,000 |
| Appropriations/Allocations | | | | |
| General Fund | \$134,000 | \$0 | \$0 | \$0 |
| Revenue | | | | |
| General Fund | (\$180,310,000) | (\$169,527,500) | (\$222,252,500) | (\$247,285,000) |
| Other Special Revenue Funds | (\$9,490,000) | (\$8,922,500) | (\$11,697,500) | (\$13,015,000) |

Fiscal Detail and Notes

This bill reduces income tax rates for tax years beginning on or after January 1, 2023. General Fund revenue will decrease by \$180,310,000 in fiscal year 2023-24 and \$169,527,500 in fiscal year 2024-25. The reduction in income tax revenue will reduce Local Government Fund revenue by \$9,490,000 in fiscal year 2023-24 and \$8,922,500 in fiscal year 2026-27. The Department of Administrative Services, Bureau of Revenue Services will require a one-time General Fund appropriation of \$134,000 in fiscal year 2023-24 for the administrative costs of implementing the income tax changes.

Income tax withholding and estimated tax payments for the 2023 tax year that occur prior to the effective date of the bill will be based on higher tax rates and are likely to result in the overpayment of individual income taxes and in higher income tax refunds issued by the State when 2023 taxes are filed.