

**132nd MAINE LEGISLATURE****LD 671****LR 2037(02)****An Act to Abolish the Maine Income Tax and Establish a Zero-based Budget****Fiscal Note for Bill as Amended by Committee Amendment " "****Committee: Taxation****Fiscal Note Required: Yes**

Fiscal Note

	FY 2025-26	FY 2026-27	Projections FY 2027-28	Projections FY 2028-29
Net Cost (Savings)				
General Fund	\$1,435,954,700	\$2,643,204,000	\$2,714,095,000	\$2,868,594,000
Appropriations/Allocations				
General Fund	\$120,700	\$0	\$0	\$0
Revenue				
General Fund	(\$1,435,834,000)	(\$2,643,204,000)	(\$2,714,095,000)	(\$2,868,594,000)
Other Special Revenue Funds	(\$59,356,000)	(\$142,326,000)	(\$142,215,000)	(\$150,216,000)

Correctional and Judicial Impact Statements

This bill may decrease the number of civil suits filed in the court system. The Judicial Branch may realize some minor reduction of workload and administrative costs associated with the minimal number of cases that will no longer be filed. Collection of filing fees will decrease General Fund revenue by minor amounts.

Fiscal Detail and Notes

This bill includes a revenue decrease to the Bureau of Revenue Services within the Department of Administrative and Financial Services of \$1,435,834,000 in fiscal year 2025-26 and \$2,643,204,000 in fiscal year 2026-27 by eliminating the Maine individual income tax beginning January 1, 2026. The bill will also reduce Local Government Fund revenue by \$59,356,000 in fiscal year 2025-26 and \$142,326,000 in fiscal year 2026-27.

The bill also includes a one-time appropriation to the Bureau of Revenue Services within the Department of Administrative and Financial Services of \$120,700 in fiscal year 2025-26 to fund computer programming required to accommodate changes to the Maine individual income tax and to perform systems testing.

The additional costs to the executive, legislative and judicial branches of state government to meet the bills requirements to prepare and submit budget documents using a budget process that includes zero-based budgeting for each department and agency at least once every eight years are expected to be significant but cannot be determined at this time.