



132nd MAINE LEGISLATURE

LD 1089**LR 1823(02)**

An Act to Permanently Fund 55 Percent of the State's Share of Education by Establishing a Tax on Incomes of More than \$1,000,000

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	\$1,499,575	\$258,317	\$125,637	\$133,950
Appropriations/Allocations				
General Fund	\$0	\$155,480	\$0	\$0
Other Special Revenue Funds	\$20,468,500	\$64,348,250	\$68,922,250	\$74,301,000
Revenue				
General Fund	(\$1,499,575)	(\$102,837)	(\$125,637)	(\$133,950)
Other Special Revenue Funds	\$20,389,575	\$64,342,837	\$68,915,637	\$74,293,950

Fiscal Detail and Notes

This bill would result in a revenue decrease to the General Fund of \$1,499,575 in fiscal year 2025-26 and \$102,837 in fiscal year 2026-27 by imposing an income tax surcharge of 2% on the portion of a taxpayer's Maine taxable income in excess of \$1,000,000 if filing single; \$1,500,000 if head of household; and \$2,000,000 if married filing jointly or qualifying surviving spouse for tax years beginning on or after January 1, 2026. All revenue collected from the income tax surcharge shall be deposited into the Fund for Public Pre-Kindergarten to Grade 12 Education. The bill would also result in a revenue decrease to the Local Government Fund of \$78,925 in fiscal year 2025-26 and \$5,413 in fiscal year 2026-27 as well as a revenue increase to the Fund for Public Pre-Kindergarten to Grade 12 Education of \$20,468,500 in fiscal year 2025-26 and \$64,348,250 in fiscal year 2026-27.

Additionally, the bill includes a one-time General Fund appropriation to the Bureau of Revenue Services within the Department of Administrative and Financial Services of \$155,480 in fiscal year 2026-27 to fund computer programming costs associated with the provisions of this bill.

Finally, this bill includes ongoing Other Special Revenue Funds allocation of \$20,468,500 in fiscal year 2025-26 and \$64,348,250 in fiscal year 2026-27 to a newly established Fund for Public Pre-kindergarten to Grade 12 Education program within the Department of Education to authorize the expenditure of revenues received from the income tax surcharge to ensure Maine meets its obligation to meet, or exceed, the annual target of funding the total cost of public education from pre-kindergarten to grade 12.