

**132nd MAINE LEGISLATURE****LD 1899****LR 2058(01)****An Act to Eliminate Taxation on Health Care Spending****Preliminary Fiscal Impact Statement for Original Bill****Sponsor: Rep. Libby of Auburn****Committee: Taxation****Fiscal Note Required: Yes**

Preliminary Fiscal Impact Statement

	FY 2025-26	FY 2026-27	Projections FY 2027-28	Projections FY 2028-29
Net Cost (Savings)				
General Fund	\$0	\$185,262,844	\$192,660,000	\$200,355,000
Appropriations/Allocations				
General Fund	\$0	\$12,844	\$0	\$0
Revenue				
General Fund	\$0	(\$185,250,000)	(\$192,660,000)	(\$200,355,000)
Other Special Revenue Funds	\$0	(\$9,750,000)	(\$10,140,000)	(\$10,545,000)

Fiscal Detail and Notes

This bill includes a revenue decrease to the General Fund of \$185,250,000 in fiscal year 2026-27 by providing a deduction for income tax purposes of medical and dental expenses paid by a taxpayer or the taxpayer's spouse or dependent. The deduction is for medical and dental expenses that are allowed under the United States Internal Revenue Code of 1986, even if the expenses do not meet the threshold for deduction under the Code, that were not compensated by insurance or were not deducted from the taxpayer's federal adjusted gross income for tax years beginning on or after January 1, 2026. The bill also includes a revenue decrease to the Local Government Fund of \$9,750,000 in fiscal year 2026-27.

Additionally, the Bureau of Revenue Services within the Department of Administrative and Financial Services will require a one-time General Fund appropriation of \$12,844 in fiscal year 2026-27 to fund computer programming costs associated with the provisions of this bill.