



126th MAINE LEGISLATURE

FIRST REGULAR SESSION-2013

Legislative Document

No. 692

H.P. 484

House of Representatives, February 26, 2013

**An Act To Provide Funding for Education by Restoring the 8.5
Percent Income Tax Rate for High-income Taxpayers**

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative MacDONALD of Boothbay.
Cosponsored by Representatives: DAUGHTRY of Brunswick, RUSSELL of Portland.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 20-A MRSA §15752-A** is enacted to read:

3 **§15752-A. State funding for mandated legislative appropriations for kindergarten**
4 **to grade 12 education**

5 By June 30, 2014 and annually thereafter, the State Tax Assessor shall calculate the
6 amount of revenue attributable to the income taxes paid by taxpayers who are taxed at the
7 8.5% rate under Title 36, section 5111, subsections 1-C, 2-C and 3-C and shall certify to
8 the State Controller the amount of revenue attributable to the income tax paid by those
9 taxpayers. The State Controller shall credit the amount of revenue attributable to the
10 income tax paid by taxpayers who are taxed at the 8.5% rate under Title 36, section 5111,
11 subsections 1-C, 2-C and 3-C to the department. That amount must be used to
12 supplement and not to supplant funding for essential programs and services for
13 kindergarten to grade 12 education under chapter 606-B.

14 **Sec. 2. 36 MRSA §5111, sub-§1-C**, as enacted by PL 2011, c. 380, Pt. N, §2 and
15 affected by §19, is amended to read:

16 **1-C. Single individuals and married persons filing separate returns; tax years**
17 **beginning 2013.** For tax years beginning on or after January 1, 2013, for single
18 individuals and married persons filing separate returns:

19 If Maine Taxable income is:	The tax is:
20 At least \$5,000 but less than \$19,950	6.5% of the excess over \$5,000
21 <u>\$19,950 or more but less than \$137,500</u>	\$972 plus 7.95% of the excess over
	\$19,950
23 <u>\$137,500 or more</u>	<u>\$10,317 plus 8.5% of the excess over</u>
	<u>\$137,500</u>

25 **Sec. 3. 36 MRSA §5111, sub-§2-C**, as enacted by PL 2011, c. 380, Pt. N, §4 and
26 affected by §19, is amended to read:

27 **2-C. Heads of households; tax years beginning 2013.** For tax years beginning on
28 or after January 1, 2013, for unmarried individuals or legally separated individuals who
29 qualify as heads of households:

30 If Maine Taxable income is:	The tax is:
31 At least \$7,500 but less than \$29,900	6.5% of the excess over \$7,500
32 <u>\$29,900 or more but less than \$206,250</u>	\$1,456 plus 7.95% of the excess over
	\$29,900
34 <u>\$206,250 or more</u>	<u>\$15,548 plus 8.5% of the excess over</u>
	<u>\$206,250</u>

36 **Sec. 4. 36 MRSA §5111, sub-§3-C**, as enacted by PL 2011, c. 380, Pt. N, §6 and
37 affected by §19, is amended to read:

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3-C. Individuals filing married joint return or surviving spouses; tax years beginning 2013. For tax years beginning on or after January 1, 2013, for individuals filing married joint returns or surviving spouses permitted to file a joint return:

If Maine Taxable income is:	The tax is:
At least \$10,000 but less than \$39,900	6.5% of the excess over \$10,000
\$39,900 or more but less than <u>\$275,000</u>	\$1,944 plus 7.95% of the excess over \$39,900
<u>\$275,000 or more</u>	<u>\$20,634 plus 8.5% of the excess over \$275,000</u>

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SUMMARY

11 This bill reinstates the 8.5% tax rate for high-income taxpayers and uses the funds to
12 assist the State in providing at least 55% of the cost of the total allocation for
13 kindergarten to grade 12 education from General Fund revenue sources. The higher tax
14 rates apply to individuals filing married joint returns or surviving spouses who have
15 Maine taxable income of \$275,000 or more, heads of households who have Maine taxable
16 income of \$206,250 or more and single individuals and married persons filing separate
17 returns who have Maine taxable income of \$137,500 or more.