



131st MAINE LEGISLATURE

FIRST REGULAR SESSION-2023

Legislative Document

No. 971

H.P. 618

House of Representatives, March 2, 2023

An Act to Establish the Income Tax Relief Fund for Maine Residents

Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

Handwritten signature of Robert B. Hunt in cursive.

ROBERT B. HUNT
Clerk

Presented by Representative CARMICHAEL of Greenbush.

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

2 **Sec. 1. 5 MRSA §1518-B** is enacted to read:

3 **§1518-B. Income Tax Relief Fund for Maine Residents**

4 **1. Income Tax Relief Fund for Maine Residents.** There is created the Income Tax
5 Relief Fund for Maine Residents, referred to in this section as "the fund," which must be
6 used to provide income tax relief to residents of the State. The fund consists of all funds
7 transferred to the fund under subsection 5 and other funds made available to the fund. The
8 fund must be used to reduce the individual income tax rates pursuant to subsection 2.

9 **2. Implementation.** By September 1, 2024, and annually thereafter, the State
10 Controller shall inform the State Tax Assessor of the amount available in the fund for the
11 purposes of subsection 1.

12 A. By November 1st annually beginning in 2024, the State Tax Assessor shall calculate
13 the amount by which the income tax rates under Title 36, section 5111, subsections
14 1-F, 2-F and 3-F may be reduced during the subsequent tax year using the amount
15 available from the fund. Bracket rate reductions must be a minimum of 0.2 percentage
16 points in the first year in which reductions are made and a minimum of 0.1 percentage
17 points in subsequent years. If sufficient funds are not available to pay for the minimum
18 reduction, a rate reduction may not be made until the amount in the fund is sufficient
19 to pay for the reduction. When the amount is sufficient to pay for the reduction, the
20 reduction must first be applied equally to each bracket under Title 36, section 5111,
21 subsections 1-F, 2-F and 3-F.

22 B. The State Tax Assessor shall provide public notice of new bracket rates calculated
23 under this subsection by November 15th annually.

24 C. New bracket rates calculated under this subsection apply beginning with tax years
25 that begin on or after January 1st of the calendar year following the determinations
26 made under this subsection.

27 **3. Nonlapsing fund.** Any unexpended balance in the fund may not lapse but must be
28 carried forward to be used pursuant to subsection 2.

29 **4. Transfer for income tax rate reduction.** In the fiscal years immediately following
30 the calculation of the income tax rate reduction under subsection 2, paragraph A, the State
31 Tax Assessor shall certify to the State Controller the amount of the reduction in General
32 Fund revenue by fiscal year, and the State Controller shall transfer from the fund the
33 amount certified for the reduction in revenue attributable to adjustments made under
34 subsection 2 to the General Fund unappropriated surplus.

35 **5. Transfer from General Fund revenue growth.** Notwithstanding section 1536,
36 beginning with fiscal year 2023-24, at the close of each fiscal year and before any other
37 transfers from the General Fund, the State Controller shall transfer to the fund the amount
38 by which General Fund revenue for that fiscal year exceeds the General Fund revenue for
39 the previous fiscal year adjusted by the growth limitation factor for that year established
40 under section 1534.

SUMMARY

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This bill establishes the Income Tax Relief Fund for Maine Residents for the purpose of reducing individual income tax rates. The fund receives a transfer at the close of each fiscal year of the amount by which General Fund revenue for that fiscal year exceeds General Fund revenue for the preceding fiscal year.