



# 126th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2013

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Legislative Document

No. 1124

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H.P. 796

House of Representatives, March 21, 2013

### An Act To Provide Income Tax Relief

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative STUCKEY of Portland.  
Cosponsored by President ALFOND of Cumberland and  
Representatives: BROOKS of Winterport, CHAPMAN of Brooksville, EVANGELOS of  
Friendship, GILBERT of Jay, KUSIAK of Fairfield, PRIEST of Brunswick, SANBORN of  
Gorham.

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

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

4 **1-C. Single individuals and married persons filing separate returns; tax year**  
5 **2013.** For the tax years year beginning on or after January 1, 2013 and before January 1,  
6 2014, for single individuals and married persons filing separate returns:

7	If Maine Taxable income is:	The tax is:
8	At least \$5,000 but less than \$19,950	6.5% of the excess over \$5,000
9	\$19,950 or more	\$972 plus 7.95% of the excess over
10		\$19,950

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

13 **2-C. Heads of households; tax year 2013.** For the tax years year beginning on or  
14 after January 1, 2013 and before January 1, 2014, for unmarried individuals or legally  
15 separated individuals who qualify as heads of households:

16	If Maine Taxable income is:	The tax is:
17	At least \$7,500 but less than \$29,900	6.5% of the excess over \$7,500
18	\$29,900 or more	\$1,456 plus 7.95% of the excess over
19		\$29,900

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

22 **3-C. Individuals filing married joint return or surviving spouses; tax year 2013.**  
23 For the tax years year beginning on or after January 1, 2013 and before January 1, 2014,  
24 for individuals filing married joint returns or surviving spouses permitted to file a joint  
25 return:

26	If Maine Taxable income is:	The tax is:
27	At least \$10,000 but less than \$39,900	6.5% of the excess over \$10,000
28	\$39,900 or more	\$1,944 plus 7.95% of the excess over
29		\$39,900

30 **Sec. 4. 36 MRSA §5111, sub-§6** is enacted to read:

31 **6. Balancing of tax brackets.** For tax years beginning on or after January 1, 2014,  
32 taxes assessed under this section are calculated using income tax bracket thresholds  
33 calculated under this subsection.

34 A. By October 1, 2013 and every 5 years thereafter, the assessor shall calculate  
35 income tax bracket thresholds for single persons and married persons filing  
36 separately, married persons filing jointly and surviving spouses and heads of  
37 household that result in the balancing of individual income taxes so that the following

1 percentages of tax filers for each filing status pay the following top marginal tax rates  
2 ranked from lowest taxable income to highest taxable income:

<u>Top marginal tax rate</u>	<u>Percentage of filers</u>
<u>0%</u>	<u>18%</u>
<u>2%</u>	<u>22%</u>
<u>4.5%</u>	<u>22%</u>
<u>7%</u>	<u>17%</u>
<u>8.5%</u>	<u>13%</u>
<u>10%</u>	<u>8%</u>

10 B. For purposes of making the calculation under paragraph A, the following  
11 provisions apply.

12 (1) When determining the percentage of filers, the assessor shall use the average  
13 number of Maine resident filers for the 5 years prior to the calculation.

14 (2) The percentage of filers must be determined for each filing status of: single  
15 persons and married persons filing separately; married persons filing jointly and  
16 surviving spouses; and heads of household.

17 (3) The top marginal tax rates are for Maine taxable income.

18 C. The income tax bracket thresholds calculated under paragraph A apply to tax  
19 years beginning on or after the January 1st following the determination of the new  
20 bracket thresholds.

21 D. The assessor shall submit a report to the joint standing committee of the  
22 Legislature having jurisdiction over taxation matters by the October 15th of the year  
23 of calculation containing the new income tax bracket thresholds, describing the  
24 method used to make the calculation and the bracket threshold amounts and  
25 estimating the impact of the new rates on individual income tax revenues.

## 26 **SUMMARY**

27 This bill reforms the Maine income tax by establishing a rate structure that includes 6  
28 income tax bracket thresholds with top marginal tax rates from 0% to 10%. The income  
29 thresholds for each rate are calculated by the State Tax Assessor every 5 years to  
30 maintain the same level of progressivity of the tax by maintaining the same percentage of  
31 taxpayers in each top marginal rate category.