



131st MAINE LEGISLATURE

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Legislative Document

No. 1946

H.P. 1250

House of Representatives, May 16, 2023

An Act to Amend the Income Tax Law to Expand the Middle Tax Bracket, Increase the Lodging Tax and Increase the Short-term Automobile Rental Tax

Reference to the Committee on Taxation suggested and ordered printed.

Handwritten signature of Robert B. Hunt in cursive.

ROBERT B. HUNT
Clerk

Presented by Representative MOONEN of Portland.

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

2 **Sec. 1. 36 MRSA §1752, sub-§11, ¶B**, as amended by PL 2021, c. 578, §1, is
3 further amended by repealing subparagraph (3).

4 **Sec. 2. 36 MRSA §1811, sub-§1, ¶D**, as amended by PL 2021, c. 578, §4; c. 658,
5 §286; and c. 669, §5, is further amended to read:

6 D. For sales occurring on or after October 1, 2019 and before October 1, 2023, the rate
7 of tax is 5.5% on the value of all tangible personal property and taxable services, except
8 the rate of tax is:

- 9 (1) Eight percent on the value of prepared food;
- 10 (2) Eight percent on the value of liquor sold in licensed establishments as defined
11 in Title 28-A, section 2, subsection 15, in accordance with Title 28-A, chapter 43
12 and liquor sold for on-premises consumption by a licensed brewery, small brewery,
13 winery, small winery, distillery or small distillery pursuant to Title 28-A, section
14 1355-A, subsection 2, paragraph B;
- 15 (3) Nine percent on the value of rental of living quarters in any hotel, rooming
16 house or tourist or trailer camp;
- 17 (4) Ten percent on the value of rental for a period of less than one year of:
- 18 (a) An automobile;
- 19 (b) A truck or van with a gross vehicle weight of less than 26,000 pounds
20 rented from a person primarily engaged in the business of renting automobiles;
21 or
- 22 (c) A loaner vehicle that is provided other than to a motor vehicle dealer's
23 service customers pursuant to a manufacturer's or dealer's warranty; and
- 24 (5) Ten percent on the value of adult use cannabis, adult use cannabis products
25 and, if sold by a person to an individual who is not a qualifying patient, cannabis
26 and cannabis products beginning on the first day of the calendar month in which
27 adult use cannabis and adult use cannabis products may be sold in the State by a
28 cannabis establishment licensed to conduct retail sales pursuant to Title 28-B,
29 chapter 1.

30 **Sec. 3. 36 MRSA §1811, sub-§1, ¶E** is enacted to read:

31 E. For sales occurring on or after October 1, 2023, the rate of tax is 5.5% on the value
32 of all tangible personal property and taxable services, except the rate of tax is:

- 33 (1) Eight percent on the value of prepared food;
- 34 (2) Eight percent on the value of liquor sold in licensed establishments as defined
35 in Title 28-A, section 2, subsection 15, in accordance with Title 28-A, chapter 43
36 and liquor sold for on-premises consumption by a licensed brewery, small brewery,
37 winery, small winery, distillery or small distillery pursuant to Title 28-A, section
38 1355-A, subsection 2, paragraph B;
- 39 (3) Eleven percent on the value of rental of living quarters in any hotel, rooming
40 house or tourist or trailer camp;

1 (4) Fifteen percent on the value of rental for a period of less than one year of:

2 (a) An automobile;

3 (b) A truck or van with a gross vehicle weight of less than 26,000 pounds
4 rented from a person primarily engaged in the business of renting automobiles;
5 or

6 (c) A loaner vehicle that is provided other than to a motor vehicle dealer's
7 service customers pursuant to a manufacturer's or dealer's warranty; and

8 (5) Ten percent on the value of adult use cannabis, adult use cannabis products and,
9 if sold by a person to an individual who is not a qualifying patient, cannabis and
10 cannabis products beginning on the first day of the calendar month in which adult
11 use cannabis and adult use cannabis products may be sold in the State by a cannabis
12 establishment licensed to conduct retail sales pursuant to Title 28-B, chapter 1.

13 **Sec. 4. 36 MRSA §5111, sub-§1-F**, as enacted by PL 2015, c. 267, Pt. DD, §3, is
14 amended to read:

15 **1-F. Single individuals and married persons filing separate returns; tax years**
16 **beginning from 2017 to 2022.** For tax years beginning on or after January 1, 2017 but
17 before January 1, 2023, for single individuals and married persons filing separate returns:

18 If Maine taxable income is:	The tax is:
19 Less than \$21,050	5.8% of the Maine taxable income
20 At least \$21,050 but less than \$50,000	\$1,221 plus 6.75% of the excess over
21	\$21,050
22 \$50,000 or more	\$3,175 plus 7.15% of the excess over
23	\$50,000

24 **Sec. 5. 36 MRSA §5111, sub-§1-G** is enacted to read:

25 **1-G. Single individuals and married persons filing separate returns; tax years**
26 **beginning 2023.** For tax years beginning on or after January 1, 2023, for single individuals
27 and married persons filing separate returns:

28 <u>If Maine taxable income is:</u>	<u>The tax is:</u>
29 <u>Less than \$23,000</u>	<u>5.8% of the Maine taxable income</u>
30 <u>At least \$23,000 but less than \$64,450</u>	<u>\$1,334 plus 6.75% of the excess over</u>
31	<u>\$23,000</u>
32 <u>\$64,450 or more</u>	<u>\$4,132 plus 7.15% of the excess over</u>
33	<u>\$64,450</u>

34 **Sec. 6. 36 MRSA §5111, sub-§2-F**, as enacted by PL 2015, c. 267, Pt. DD, §5, is
35 amended to read:

36 **2-F. Heads of households; tax years beginning from 2017 to 2022.** For tax years
37 beginning on or after January 1, 2017 but before January 1, 2023, for unmarried individuals
38 or legally separated individuals who qualify as heads of households:

39 If Maine taxable income is:	The tax is:
40 Less than \$31,550	5.8% of the Maine taxable income
41 At least \$31,550 but less than \$75,000	\$1,830 plus 6.75% of the excess over
42	\$31,550

1 \$75,000 or more \$4,763 plus 7.15% of the excess over
2 \$75,000

3 **Sec. 7. 36 MRSA §5111, sub-§2-G** is enacted to read:

4 **2-G. Heads of households; tax years beginning 2023.** For tax years beginning on or
5 after January 1, 2023, for unmarried individuals or legally separated individuals who
6 qualify as heads of households:

7 <u>If Maine taxable income is:</u>	<u>The tax is:</u>
8 <u>Less than \$34,500</u>	<u>5.8% of the Maine taxable income</u>
9 <u>At least \$34,500 but less than \$96,700</u>	<u>\$2,001 plus 6.75% of the excess over</u>
10	<u>\$34,500</u>
11 <u>\$96,700 or more</u>	<u>\$6,200 plus 7.15% of the excess over</u>
12	<u>\$96,700</u>

13 **Sec. 8. 36 MRSA §5111, sub-§3-F**, as enacted by PL 2015, c. 267, Pt. DD, §7, is
14 amended to read:

15 **3-F. Individuals filing married joint returns or surviving spouses; tax years**
16 **beginning from 2017 to 2022.** For tax years beginning on or after January 1, 2017 but
17 before January 1, 2023, for individuals filing married joint returns or surviving spouses
18 permitted to file a joint return:

19 <u>If Maine taxable income is:</u>	<u>The tax is:</u>
20 <u>Less than \$42,100</u>	<u>5.8% of the Maine taxable income</u>
21 <u>At least \$42,100 but less than \$100,000</u>	<u>\$2,442 plus 6.75% of the excess over</u>
22	<u>\$42,100</u>
23 <u>\$100,000 or more</u>	<u>\$6,350 plus 7.15% of the excess over</u>
24	<u>\$100,000</u>

25 **Sec. 9. 36 MRSA §5111, sub-§3-G** is enacted to read:

26 **3-G. Individuals filing married joint returns or surviving spouses; tax years**
27 **beginning 2023.** For tax years beginning on or after January 1, 2023, for individuals filing
28 married joint returns or surviving spouses permitted to file a joint return:

29 <u>If Maine taxable income is:</u>	<u>The tax is:</u>
30 <u>Less than \$46,000</u>	<u>5.8% of the Maine taxable income</u>
31 <u>At least \$46,000 but less than \$148,900</u>	<u>\$2,668 plus 6.75% of the excess over</u>
32	<u>\$46,000</u>
33 <u>\$128,900 or more</u>	<u>\$8,264 plus 7.15% of the excess over</u>
34	<u>\$128,900</u>

35 **Sec. 10. 36 MRSA §5403, sub-§1, ¶A**, as enacted by PL 2015, c. 267, Pt. DD,
36 §33, is amended to read:

37 A. Beginning in 2016 and each year thereafter, by the lowest dollar amounts of the tax
38 rate tables specified in section 5111, subsections ~~1-F~~ 1-G, ~~2-F~~ 2-G and ~~3-F~~ 3-G, except
39 that for the purposes of this paragraph, notwithstanding section 5402, subsection 1-B,
40 the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-month
41 period ending June 30th of the preceding calendar year divided by the Chained
42 Consumer Price Index for the 12-month period ending June 30, 2015; and

1 **Sec. 11. Application.** That section of this Act that amends the Maine Revised
2 Statutes, Title 36, section 5403, subsection 1, paragraph A applies to tax years beginning
3 on or after January 1, 2024.

4 **SUMMARY**

5 This bill:

- 6 1. Removes the sales tax exemption for automobiles and parts or accessories related
7 to automobiles purchased by a person engaged in the business of renting automobiles for
8 rental of those automobiles for a period of less than one year;
- 9 2. Increases the rate of the sales tax imposed on lodging from 9% to 11%, effective
10 October 1, 2023;
- 11 3. Increases the rate of sales tax imposed on the short-term rental of automobiles from
12 10% to 15%, effective October 1, 2023; and
- 13 4. Increases the size of the middle individual income tax bracket, which has the effect
14 of increasing the amount of income that may be earned before the top income tax rate
15 applies.