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Legislative Document

No. 1500

H.P. 1110

House of Representatives, April 14, 2021

An Act To Bring Equity to Maine's Tax Law by Adjusting Certain Individual Income Tax Rates

Received by the Clerk of the House on April 12, 2021. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

ROBERT B. HUNT

Clerk

Presented by Representative LOOKNER of Portland.

1	Be it enacted by the People of the State of Maine as follows:	
2 3	Sec. 1. 36 MRSA §5111, sub-§1-F, as enacted by PL 2015, c. 267, Pt. DD, §3, is amended to read:	
4 5 6 7	1-F. Single individuals and married persons filing separate returns; tax years beginning from 2017 to 2020. For tax years beginning on or after January 1, 2017 but not later than December 31, 2020, for single individuals and married persons filing separate returns:	
8 9 10 11	If Maine taxable income is: Less than \$21,050 At least \$21,050 but less than \$50,000	The tax is: 5.8% of the Maine taxable income \$1,221 plus 6.75% of the excess over \$21,050
12 13	\$50,000 or more	\$3,175 plus 7.15% of the excess over \$50,000
14	Sec. 2. 36 MRSA §5111, sub-§1-	G is enacted to read:
15 16 17	1-G. Single individuals and married persons filing separate returns; tax years beginning 2021. For tax years beginning on or after January 1, 2021, for single individuals and married persons filing separate returns:	
18 19 20 21	If Maine taxable income is: Less than \$21,850 At least \$21,850 but less than \$51,700	The tax is: 5.8% of the Maine taxable income \$1,267 plus 6.75% of the excess over \$21,850
22 23 24 25	At least \$51,700 but less than \$200,000 \$200,000 or more	\$3,282 plus 8.75% of the excess over \$51,700 \$16,258 plus 12.4% of the excess over \$200,000
26 27	Sec. 3. 36 MRSA §5111, sub-§2-amended to read:	F , as enacted by PL 2015, c. 267, Pt. DD, §5, is
28 29 30	2-F. Heads of households; tax years beginning from 2017 to 2020. For tax years beginning on or after January 1, 2017 but not later than December 31, 2020, for unmarried individuals or legally separated individuals who qualify as heads of households:	
31 32 33 34 35 36	If Maine taxable income is: Less than \$31,550 At least \$31,550 but less than \$75,000 \$75,000 or more	The tax is: 5.8% of the Maine taxable income \$1,830 plus 6.75% of the excess over \$31,550 \$4,763 plus 7.15% of the excess over \$75,000
37	Sec. 4. 36 MRSA §5111, sub-§2-G is enacted to read:	
38 39 40	2-G. Heads of households; tax years beginning 2021. For tax years beginning on or after January 1, 2021, for unmarried individuals or legally separated individuals who qualify as heads of households:	
41 42	If Maine taxable income is: Less than \$32,750	The tax is: 5.8% of the Maine taxable income

1 2 3 4 5 6	At least \$32,750 but less than \$77,550 At least \$77,550 but less than \$300,000 \$300,000 or more	\$1,900 plus 6.75% of the excess over \$32,750 \$4,924 plus 8.75% of the excess over \$77,550 \$24,388 plus 12.4% of the excess over \$300,000	
7 8	Sec. 5. 36 MRSA §5111, sub-§3-F, as enacted by PL 2015, c. 267, Pt. DD, §7, is amended to read:		
9 10 11 12 13	3-F. Individuals filing married joint returns or surviving spouses; tax years beginning from 2017 to 2020. For tax years beginning on or after January 1, 2017 but not later than December 31, 2020, for individuals filing married joint returns or surviving spouses permitted to file a joint return: If Maine taxable income is: The tax is:		
14 15 16	Less than \$42,100 At least \$42,100 but less than \$100,000	5.8% of the Maine taxable income \$2,442 plus 6.75% of the excess over \$42,100	
17 18	\$100,000 or more	\$6,350 plus 7.15% of the excess over \$100,000	
19	Sec. 6. 36 MRSA §5111, sub-§3-G is enacted to read:		
20 21 22	3-G. Individuals filing married joint returns or surviving spouses; tax years beginning 2021. For tax years beginning on or after January 1, 2021, for individuals filing married joint returns or surviving spouses permitted to file a joint return:		
23 24 25 26	If Maine taxable income is: Less than \$43,700 At least \$43,700 but less than \$103,400	The tax is: 5.8% of the Maine taxable income \$2,535 plus 6.75% of the excess over \$43,700	
27 28 29 30	<u>At least \$103,400 but less than \$400,000</u> <u>\$400,000 or more</u>	\$6,564 plus 8.75% of the excess over \$103,400 \$32,517 plus 12.4% of the excess over	
		<u>\$400,000</u>	
31	SUMMARY		
32 33	This bill changes the individual income tax brackets to provide 4 brackets rather than 3. The bill adds a new bracket of 12.4% on taxable income exceeding \$200,000 for single individuals and married persons filing separately, \$300,000 for heads of households and \$400,000 for individuals filing married joint returns and surviving spouses.		