



131st MAINE LEGISLATURE

LD 1434

LR 1546(01)

An Act to Abolish the Maine Income Tax and Establish a Zero-based Budget

Preliminary Fiscal Impact Statement for Original Bill

Sponsor: Rep. Libby of Auburn

Committee: Taxation

Fiscal Note Required: Yes

Preliminary Fiscal Impact Statement

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
Net Cost (Savings)				
General Fund	\$0	\$0	\$1,100,385,000	\$3,084,270,000
Revenue				
General Fund	\$0	\$0	(\$1,100,385,000)	(\$3,084,270,000)
Other Special Revenue Funds	\$0	\$0	(\$57,915,000)	(\$162,330,000)

Fiscal Detail and Notes

This bill eliminates the state income tax for tax years beginning on or after January 1, 2026. General Fund revenue will decrease by \$1,100,385,000 in fiscal year 2025-26 and \$3,084,270,000 in fiscal year 2026-27. The reductions in income tax revenue will reduce Local Government Fund revenue by \$57,915,000 in fiscal year 2025-26 and \$162,330,000 in fiscal year 2026-27. These estimates assume that the franchise tax, also collected under Title 36 part 8, is eliminated and that refundable income tax credits will not apply to any tax years beginning on or after January 1, 2026.

Additional costs to the Department of Administrative and Financial Services, Bureau of Revenue Services associated with submitting a report, including suggested legislation, to the Second Regular Session of the 131st Legislature identifying any statutory changes necessary to implement the elimination of the income tax can be absorbed within existing budgeted resources.

Additional costs to the Department of Administrative and Financial Services, Bureau of the Budget associated with preparing and submitting biennial budget documents for fiscal years 2025-26 and 2026-27 using zero-based budgeting for state agencies and departments at least once every 8 years can be absorbed within existing budgeted resources.