

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Provide Income Tax Relief

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

Sec. 1. 36 MRSA §5111, sub-§1-B, as enacted by PL 1999, c. 731, Pt. T, §3, is amended to read:

1-B. Single individuals and married persons filing separate returns; tax years beginning 2002 to 2012. For tax years beginning on or after January 1, 2002 and before January 1, 2013, for single individuals and married persons filing separate returns:

If Maine Taxable income is:	The tax is:
Less than \$4,200	2% of the Maine taxable income
At least \$4,200 but less than \$8,350	\$84 plus 4.5% of the excess over \$4,200
At least \$8,350 but less than \$16,700	\$271 plus 7% of the excess over \$8,350
\$16,700 or more	\$856 plus 8.5% of the excess over \$16,700

Sec. 2. 36 MRSA §5111, sub-§2-B, as enacted by PL 1999, c. 731, Pt. T, §5, is amended to read:

2-B. Heads of households; tax years beginning 2002 to 2012. For tax years beginning on or after January 1, 2002 and before January 1, 2013, for unmarried individuals or legally separated individuals who qualify as heads of households:

If Maine Taxable income is:	The tax is:
Less than \$6,300	2% of the Maine taxable income
At least \$6,300 but less than \$12,500	\$126 plus 4.5% of the excess over \$6,300
At least \$12,500 but less than \$25,050	\$405 plus 7% of the excess over \$12,500
\$25,050 or more	\$1,284 plus 8.5% of the excess over \$25,050

Sec. 3. 36 MRSA §5111, sub-§3-B, as enacted by PL 1999, c. 731, Pt. T, §7, is amended to read:

3-B. Individuals filing married joint return or surviving spouses; tax years beginning 2002 to 2012. For tax years beginning on or after January 1, 2002 and before January 1, 2013, for individuals filing married joint returns or surviving spouses permitted to file a joint return:

If Maine Taxable income is:	The tax is:
Less than \$8,400	2% of the Maine taxable income
At least \$8,400 but less than \$16,700	\$168 plus 4.5% of the excess over \$8,400
At least \$16,700 but less than \$33,400	\$542 plus 7% of the excess over \$16,700
\$33,400 or more	\$1,711 plus 8.5% of the excess over \$33,400

Sec. 4. 36 MRS §5111, sub-§6 is enacted to read:

6. Balancing of tax brackets. For tax years beginning on or after January 1, 2013, taxes assessed under this section are calculated using income tax bracket thresholds calculated under this subsection.

A. By September 1, 2012 and every 5 years thereafter, the assessor shall calculate income tax bracket thresholds for single persons and married persons filing separately, married persons filing jointly and surviving spouses and heads of household that result in the balancing of individual income taxes so that the following percentages of tax filers pay the following top marginal tax rates:

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

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

SUMMARY

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