

132nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2025

Legislative Document

No. 229

H.P. 152

House of Representatives, January 21, 2025

An Act to Bring Fairness in Income Taxes to Maine Families by Adjusting the Tax Brackets and Tax Rates

Received by the Clerk of the House on January 16, 2025. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

ROBERT B. HUNT

R(+ B. Hunt

Clerk

Presented by Representative MATLACK of St. George.

Cosponsored by Representatives: GRAHAM of North Yarmouth, GRAMLICH of Old Orchard Beach, MCCABE of Lewiston, ROEDER of Bangor, SACHS of Freeport.

1	Be it enacted by the People of the State of Maine as follows:		
2 3	Sec. 1. 36 MRSA §5111, sub-§1-amended to read:	F , as enacted by PL 2015, c. 267, Pt. DD, §3, is	
4 5 6	1-F. Single individuals and married persons filing separate returns; tax years beginning from 2017 to 2025. For tax years beginning on or after January 1, 2017 but before January 1, 2026, for single individuals and married persons filing separate returns:		
7 8 9 10 11 12	If Maine taxable income is: Less than \$21,050 At least \$21,050 but less than \$50,000 \$50,000 or more	The tax is: 5.8% of the Maine taxable income \$1,221 plus 6.75% of the excess over \$21,050 \$3,175 plus 7.15% of the excess over \$50,000	
13	Sec. 2. 36 MRSA §5111, sub-§1-G is enacted to read:		
14 15 16	1-G. Single individuals and married persons filing separate returns; tax years beginning 2026. For tax years beginning on or after January 1, 2026, for single individuals and married persons filing separate returns:		
17 18 19 20	If Maine taxable income is: Less than \$41,600 At least \$41,600 but less than \$85,000	The tax is: 5.8% of the Maine taxable income \$2,413 plus 6.75% of the excess over \$41,600	
21 22	At least \$85,000 but less than \$144,500	\$5,343 plus 7.15% of the excess over \$85,000	
23 24	At least \$144,500 but less than \$205,000	\$9,597 plus 7.52% of the excess over \$144,500	
25 26 27	At least \$205,000 but less than \$500,000 \$500,000 or more	\$14,147 plus 7.15% of the excess over \$205,000 \$35,240 plus 8.2% of the excess over	
28 29 30	\$500,000 Sec. 3. 36 MRSA §5111, sub-§2-F, as enacted by PL 2015, c. 267, Pt. DD, §5, is		
31 32 33	amended to read: 2-F. Heads of households; tax years beginning from 2017 to 2025. For tax years beginning on or after January 1, 2017 but before January 1, 2026, for unmarried individuals or legally separated individuals who qualify as heads of households:		
34 35 36 37	If Maine taxable income is: Less than \$31,550 At least \$31,550 but less than \$75,000	The tax is: 5.8% of the Maine taxable income \$1,830 plus 6.75% of the excess over \$31,550	
38 39	\$75,000 or more	\$4,763 plus 7.15% of the excess over \$75,000	
40	Sec. 4. 36 MRSA §5111, sub-§2-G is enacted to read:		

Sec. 4. 36 MRSA §5111, sub-§2-G is enacted to read:

1		beginning 2026. For tax years beginning on or
2 3	after January 1, 2026, for unmarried indiqualify as heads of households:	viduals or legally separated individuals who
4	If Maine taxable income is:	The tax is:
5	Less than \$62,400	5.8% of the Maine taxable income
6 7	At least \$62,400 but less than \$127,500	\$3,619 plus 6.75% of the excess over \$62,400
8 9	At least \$127,500 but less than \$216,750	\$8,013 plus 7.15% of the excess over \$127,500
10 11	At least \$216,750 but less than \$307,500	\$14,394 plus 7.52% of the excess over \$216,750
12 13	At least \$307,500 but less than \$750,000	\$21,218 plus 7.15% of the excess over
14 15	\$750,000 or more	\$307,500 \$52,857 plus 8.2% of the excess over \$750,000
16 17	Sec. 5. 36 MRSA §5111, sub-§3-F, as enacted by PL 2015, c. 267, Pt. DD, §7, is amended to read:	
18 19 20 21	3-F. Individuals filing married joint returns or surviving spouses; tax years beginning from 2017 to 2025. For tax years beginning on or after January 1, 2017 but before January 1, 2026, for individuals filing married joint returns or surviving spouses permitted to file a joint return:	
22	If Maine taxable income is:	The tax is:
23	Less than \$42,100	5.8% of the Maine taxable income
24 25	At least \$42,100 but less than \$100,000	\$2,442 plus 6.75% of the excess over \$42,100
26 27	\$100,000 or more	\$6,350 plus 7.15% of the excess over \$100,000
28	Sec. 6. 36 MRSA §5111, sub-§3-G	is enacted to read:
29		nt returns or surviving spouses; tax years
30 31	beginning 2026. For tax years beginning or married joint returns or surviving spouses p	n or after January 1, 2026, for individuals filing
		<u>*</u>
32	If Maine taxable income is:	The tax is:
33	Less than \$83,200	5.8% of the Maine taxable income
34	At least \$83,200 but less than \$170,000	\$4,826 plus 6.75% of the excess over
35	A + 1 + \$170,000 1 + 1 41 \$200,000	\$83,200 \$10,685 along 7,150/ a fall a second
36 37	At least \$170,000 but less than \$289,000	\$10,685 plus 7.15% of the excess over \$170,000
38	At least \$289,000 but less than \$410,000	\$19,194 plus 7.52% of the excess over
39		\$289,000
40	At least \$410,000 but less than \$1,000,000	\$28,293 plus 7.15% of the excess over
41 42	\$1,000,000 or more	\$410,000 \$70,478 plus 8.2% of the excess over
43	\$1,000,000 Of HIOLE	\$1,000,000

Sec. 7. 36 MRSA §5403, sub-§1	I, as enacted by PL 2015, c. 267, Pt. DD, §33, is
repealed and the following enacted in its	place:

1. Individual income tax rate tables. Beginning in 2025 and each year thereafter, by the dollar amounts of the tax rate tables specified in section 5111, subsections 1-G, 2-G and 3-G, except that for the purposes of this subsection, notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year divided by the Chained Consumer Price Index for the 12-month period ending June 30, 2024;

9 SUMMARY

This bill changes, beginning in 2026, the current income tax brackets by increasing the threshold amount of income subject to the current tax rates of 5.8%, 6.75% and 7.15%. The bill adds 3 new income tax brackets and imposes tax rates of 7.52%, 7.15% and 8.2% in those new brackets. As under current law, the income tax brackets are indexed to the Chained Consumer Price Index as published by the United States Department of Labor, Bureau of Labor Statistics.