



125th MAINE LEGISLATURE

LD 849

LR 149(17)

An Act To Provide Tax Relief for Maine's Citizens by Reducing Income Taxes

Fiscal Note for House Amendment " " to Committee Amendment "C"

Sponsor: Rep. Kumiega, III of Deer Isle

Fiscal Note Required: Yes

Fiscal Note

Potential future biennium revenue increase - General Fund

Fiscal Detail and Notes

The amendment changes the objective of the Tax Relief Fund for Maine Residents from gradually reducing the tax rates to 4% to funding the following initiatives (in order): increase the earned income tax credit from 5% of the federal credit to 50% of the federal credit and make the credit refundable, proportionately increase individual income tax bracket thresholds until they are 20% higher than the brackets in effect for taxable years beginning on or after January 1, 2014 and to gradually reduce the highest income tax rate from 7.95% to 6.5%. Based on currently budgeted revenue, no transfers of General Fund revenue in excess of the appropriation limitation are expected through the end of fiscal year 2014-15. Since the funding for the changes is non-recurring and the tax changes permanent, it is possible that the bill could result in significantly reduced General Fund revenues for all years following their implementation. The potential future revenue loss under this amendment is expected to be less than under the committee amendment. Therefore, the impact of this amendment is higher revenues in future biennia.