



131st MAINE LEGISLATURE

LD 835

LR 1612(02)

An Act to Phase Out the Income Tax

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

Offsetting ongoing appropriation reductions begin in fiscal year 2024-25 - General Fund

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
Net Cost (Savings)				
General Fund	\$214,244,000	\$0	\$0	\$0
Appropriations/Allocations				
General Fund	\$0	(\$812,544,500)	(\$1,550,865,500)	(\$2,412,905,000)
Revenue				
General Fund	(\$214,244,000)	(\$812,544,500)	(\$1,550,865,500)	(\$2,412,905,000)
Other Special Revenue Funds	(\$11,276,000)	(\$42,765,500)	(\$81,624,500)	(\$126,995,000)

Fiscal Detail and Notes

This bill phases out the state income tax over a 5-year period starting with the 2024 tax year. General Fund revenue will decrease by \$214,244,000 in fiscal year 2023-24 and \$812,544,500 in fiscal year 2024-25. The reductions in income tax revenue will reduce Local Government Fund revenue by \$11,276,000 in fiscal year 2023-24 and \$42,765,500 in fiscal year 2024-25.

Beginning in fiscal year 2024-25, General Fund deappropriations across all departments will be required to offset reductions in General Fund revenue. The Bureau of the Budget in the Department of Administrative and Financial Services is required to reduce the budget of each department of State Government proportionally to achieve the offset. Decreases in General Fund revenue during the final 6 months of fiscal year 2023-24 due to lower income tax withholding and estimated payments for the 2024 tax year will not have offsetting reductions in General Fund appropriations in fiscal year 2023-24. The reduction in Local Government Fund revenues is an ongoing permanent loss to municipalities.