



125th MAINE LEGISLATURE

FIRST REGULAR SESSION-2011

Legislative Document

No. 9

S.P. 24

In Senate, January 5, 2011

An Act To Reduce Income Tax to 4.5% and Remove Low-income Families from Taxation

Reference to the Committee on Taxation suggested and ordered printed.

Joseph G. Carleton Jr.

JOSEPH G. CARLETON, JR.
Secretary of the Senate

Presented by Senator COURTNEY of York.
Cosponsored by Representatives: FREDETTE of Newport, HAMPER of Oxford,
Representative CUSHING of Hampden and
Senators: HASTINGS of Oxford, LANGLEY of Hancock, TRAHAN of Lincoln,
Representatives: CHASE of Wells, HANLEY of Gardiner, KNIGHT of Livermore Falls,
NELSON of Falmouth, VALENTINO of Saco.

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

2 **Sec. 1. 5 MRSA §1518-A**, as enacted by PL 2005, c. 2, Pt. A, §4 and affected by
3 §14, is amended to read:

4 **§1518-A. Tax Relief Fund for Maine Residents**

5 **1. Tax Relief Fund for Maine Residents.** There is created the Tax Relief Fund for
6 Maine Residents, referred to in this section as "the fund," which must be used to provide
7 individual income tax relief to residents of the State. The fund consists of all resources
8 transferred to the fund under this section and section 1536 and other resources made
9 available to the fund.

10 **2. Nonlapsing fund.** Any unexpended balance in the ~~Tax Relief Fund for Maine~~
11 ~~Residents may~~ fund does not lapse but ~~must be~~ is carried forward to be used pursuant to
12 ~~subsection~~ subsections 1 and 4.

13 **3. Transfer from revenue growth.** Beginning with fiscal year 2012-13, at the close
14 of each fiscal year, the State Controller shall transfer to the fund any General Fund
15 revenue received by the State for the fiscal year being closed that exceeds the amount of
16 General Fund revenue received by the State for the previous fiscal year, adjusted by the
17 growth limitation factor calculated under section 1534, subsection 2.

18 **4. Income tax reduction.** Amounts contained in the fund must be used to reduce
19 individual income taxes. If on December 1st of any fiscal year the fund exceeds
20 \$1,000,000, the State Tax Assessor shall submit legislation to the Legislature by January
21 15th of that fiscal year to reduce the income tax burden pursuant to this section. The
22 legislation must ensure that any amounts contained in the fund are used to:

23 A. Reduce individual income tax rates until a top rate of 4.5% is reached; and

24 B. Increase to \$30,000 the income threshold below which heads of household and
25 married couples filing jointly pay no state income tax.

26 **SUMMARY**

27 This bill requires the transfer to the Tax Relief Fund for Maine Residents, beginning
28 in fiscal year 2012-13, of any growth in General Fund revenues over the previous fiscal
29 year adjusted by the growth limitation factor. Money in the fund must be used to reduce
30 the overall individual income tax burden by reducing the tax rates until the top rate is
31 reduced to 4.5% and increasing to \$30,000 the income threshold below which families do
32 not pay income tax.