

**STATE OF MAINE
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES
MAINE REVENUE SERVICES
OFFICE OF TAX POLICY**

Date: April 19, 2013

To: Committee on Taxation

Subject: LD 1124 – An Act To Provide Income Tax Relief

Primary Sponsor: Representative Peter Stuckey

Estimated Revenue Impact: To be determined.

Estimated Administrative Cost Impact: Nominal; can be absorbed within current budgetary allotments.

Identified Issues:

- It may not always be possible to limit the 0% top marginal tax rate bracket to 18% of filers. Due to a number of variables, such as deductions and personal exemption amounts, the number of taxpayers with zero or negative taxable income amounts may exceed 18% of the total number of filers in any given year.
- The bill does not allow the dollar amounts in the tax rate schedules to be adjusted annually for inflation under 36 M.R.S.A. § 5403.
- Section 4 of the bill, in 36 M.R.S.A. § 5111(6)(B)(1), should clarify that the 5 prior years are in reference to the 5 prior “calendar” years.
- Section 4 of the bill, in 36 M.R.S.A. § 5111(6)(B)(3), should clarify that the top marginal tax rates are “applicable to” (rather than “for”) Maine taxable income.

Similar Legislative Proposals:

LD 1350 (125th Legislature, 1st Session)

cc (by e-mail): Office of Fiscal & Program Review
Office of DAFS Commissioner
Office of the Attorney General
Office of Policy & Legal Analysis

State Budget Office
Office of the Governor
Revisor’s Office
Office of Information Technology