

FY18/19 Tax Reform & Relief Plan - Includes 3% Surtax

	FY18	FY19	Biennium	FY20	FY21	Biennium
PART K - Permanently Set Revenue Sharing at 2% of Income and Sales Taxes (Effective July 1, 2019)						
General Fund	\$0	\$0	\$0	\$101,956,500	\$106,129,500	\$208,086,000
Local Government Fund	\$0	\$0	\$0	(\$101,956,500)	(\$106,129,500)	(\$208,086,000)
PART D - Reduce Top Individual Income Tax Rate to Effective Statutory Rate of 5.75% (Effective January 1, 2018) / Individual Income Tax Changes						
General Fund	(\$267,810,400)	(\$305,344,000)	(\$573,154,400)	(\$351,066,400)	(\$414,308,000)	(\$765,374,400)
Local Government Fund	(\$184,544,192)	(\$138,321,120)	(\$322,865,312)	(\$173,133,072)	(\$223,839,840)	(\$396,972,912)
Fund to Advance Public K-12 Education	(\$3,766,208)	(\$2,822,880)	(\$6,589,088)	(\$3,533,328)	(\$4,568,160)	(\$8,101,488)
	(\$79,500,000)	(\$164,200,000)	(\$243,700,000)	(\$174,400,000)	(\$185,900,000)	(\$360,300,000)
Simplify Sales & Property Tax Fairness Credits						
General Fund	(\$2,956,000)	(\$29,469,000)	(\$32,425,000)	(\$28,643,000)	(\$28,529,000)	(\$57,172,000)
Local Government Fund	(\$2,896,880)	(\$28,879,620)	(\$31,776,500)	(\$28,070,140)	(\$27,958,420)	(\$56,028,560)
	(\$59,120)	(\$589,380)	(\$648,500)	(\$572,860)	(\$570,580)	(\$1,143,440)
Increase Retirement Deduction in 55K Increments to \$35,000 /2						
General Fund	(\$4,246,400)	(\$15,170,000)	(\$19,416,400)	(\$23,011,800)	(\$27,582,000)	(\$50,593,800)
Local Government Fund	(\$4,161,472)	(\$14,866,600)	(\$19,028,072)	(\$22,551,564)	(\$27,030,360)	(\$49,581,924)
	(\$84,928)	(\$303,400)	(\$388,328)	(\$460,236)	(\$551,640)	(\$1,011,876)
Total Individual Income Tax Changes						
General Fund	(\$275,012,800)	(\$349,983,000)	(\$624,995,800)	(\$402,721,200)	(\$470,419,000)	(\$873,140,200)
Local Government Fund	(\$191,602,544)	(\$182,067,340)	(\$373,669,884)	(\$223,754,776)	(\$278,828,620)	(\$502,583,396)
Fund to Advance Public K-12 Education	(\$3,910,256)	(\$3,715,660)	(\$7,625,916)	(\$4,566,424)	(\$5,690,380)	(\$10,256,804)
	(\$79,500,000)	(\$164,200,000)	(\$243,700,000)	(\$174,400,000)	(\$185,900,000)	(\$360,300,000)
PART E - Expand Sales and Service Provider Tax Bases (Effective January 1, 2018)						
General Sales and Use Tax and Service Provider Base Expansion /3						
General Fund	\$16,974,512	\$69,530,308	\$86,504,820	\$71,689,435	\$73,938,763	\$145,628,198
Local Government Fund	\$16,635,022	\$68,136,952	\$84,771,974	\$70,247,033	\$72,451,347	\$142,698,380
Transfers to Tourism Fund	\$359,490	\$1,390,606	\$1,730,096	\$1,433,789	\$1,478,775	\$2,912,564
Transfers to Multi-Modal Transportation Fund	\$0	\$1,250	\$1,250	\$3,613	\$3,641	\$7,254
	\$0	\$1,500	\$1,500	\$5,000	\$5,000	\$10,000
Increase Lodging Rate to 10% (Effective 10/1/17) /4						
General Fund	\$3,403,400	\$10,410,000	\$13,813,400	\$10,831,600	\$11,254,864	\$22,086,464
Local Government Fund	\$3,355,332	\$10,035,033	\$13,370,365	\$10,113,216	\$10,524,106	\$20,637,322
Transfers to Tourism Fund	\$68,068	\$208,200	\$276,268	\$216,632	\$225,097	\$441,729
Transfers to Tourism Fund	\$0	\$166,767	\$166,767	\$501,752	\$505,661	\$1,007,413
Total Sales & Use and Service Provider Tax Changes						
General Fund	\$20,377,912	\$79,940,308	\$100,318,220	\$82,521,035	\$85,193,627	\$167,714,662
Local Government Fund	\$19,970,354	\$78,171,985	\$98,142,339	\$80,366,249	\$82,975,452	\$163,335,702
Transfers to Tourism Marketing Fund	\$407,558	\$1,598,806	\$2,006,364	\$1,650,421	\$1,703,873	\$3,354,293
Transfers to Multi-Modal Transportation Fund	\$0	\$168,017	\$168,017	\$505,365	\$509,302	\$1,014,667
	\$0	\$1,500	\$1,500	\$5,000	\$5,000	\$10,000
PART F - Repeat Estate Tax (Effective January 1, 2018)						
General Fund	\$0	(\$9,539,837)	(\$9,539,837)	(\$12,850,000)	(\$13,300,000)	(\$26,150,000)
PART D - Repeat Corporate AMT and Reduce Top MTR to 8.33% (Effective January 1, 2018)						
Corporate Income Tax Changes						
General Fund	(\$2,561,937)	(\$12,944,065)	(\$15,506,002)	(\$13,589,082)	(\$14,052,688)	(\$27,641,769)
Local Government Fund	(\$2,510,699)	(\$12,685,184)	(\$15,195,882)	(\$13,317,300)	(\$13,771,634)	(\$27,088,934)
	(\$51,239)	(\$258,881)	(\$310,120)	(\$271,782)	(\$281,054)	(\$552,835)
PART H - Transfer Telecommunications Excise Tax to Municipalities (Effective April 1, 2018)						
Repeat Telecommunications Excise Tax						
General Fund	(\$6,500,000)	(\$6,500,000)	(\$13,000,000)	(\$6,500,000)	(\$6,500,000)	(\$13,000,000)
PART I - Transition From BETR to BETE (Effective April 1, 2018)						
BETR						
General Fund	\$3,500,000	\$3,200,000	\$6,700,000	\$6,720,000	\$11,968,000	\$18,688,000
BETE						
General Fund	\$0	(\$6,380,308)	(\$6,380,308)	(\$12,040,258)	(\$17,080,841)	(\$29,121,099)
Total BETR/BETE Changes						
General Fund	\$3,500,000	(\$3,180,308)	\$319,692	(\$5,320,258)	(\$5,112,841)	(\$10,433,099)
	\$3,500,000	(\$3,180,308)	\$319,692	(\$5,320,258)	(\$5,112,841)	(\$10,433,099)
Total Impact						
General Fund Revenues						
Local Government Fund	(\$177,142,889)	(\$135,800,684)	(\$312,943,573)	(\$79,425,585)	(\$128,408,142)	(\$207,833,727)
Tourism Marketing Fund	(\$3,553,937)	(\$2,375,755)	(\$5,929,672)	(\$105,144,285)	(\$110,397,061)	(\$215,541,346)
Transfers to Multi-Modal Transportation Fund	\$0	\$168,017	\$168,017	\$505,365	\$509,302	\$1,014,667
Fund to Advance Public K-12 Education	(\$79,500,000)	(\$164,200,000)	(\$243,700,000)	(\$174,400,000)	(\$185,900,000)	(\$360,300,000)
Net Change in State Taxes						
Part G - \$20K Homestead Exemption for 65 or older Only /5	(\$39,400,000)	(\$53,800,000)	(\$93,200,000)	(\$55,500,000)	(\$57,250,000)	(\$112,750,000)
Net Impact on General Fund Budget						
	(\$137,742,889)	(\$82,000,684)	(\$219,743,573)	(\$23,925,585)	(\$71,158,142)	(\$95,083,727)

Department of Administrative and Financial Services
Maine Revenue Services
Office of Tax Policy

8-Mar-17
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1/ Tax rates of 2.75% and 3.15% for tax years 2018 and 2019. 3 percent income tax surtax is delayed until tax years beginning on or after 1/1/18 and applies the surtax to all Maine taxable income, resulting in effective statutory top marginal tax rate of 6.15% in TY18 and TY19. Effective statutory top marginal tax rate is reduced to flat tax of 5.75% beginning in tax year 2020. Transfers to the K-12 Education Fund are eliminated. Also includes simplification of child care credit.

2/ Increases the current law \$10,000 retirement deduction by \$5,000 per year until it reaches \$35,000 and then indexes for inflation.

3/ Expands sales and service provider tax bases to amusements & recreation, personal, household and personal property services. Also includes amending the sales tax exemptions for various non-profit entities to exclude from exemption purchases of food, the rental of living quarters, and the rental of motor vehicles.

4/ Includes requirement that online real property rental platforms register to collect and report sales taxes.

5/ Effective for property tax years beginning on or after 4/1/17. At least one homeowner must be 65 years of age or older by April 1st. State will reimburse 50% of lost taxes.