

TAXATION

In House

L.D. 1089: An Act to Permanently Fund 55% of the State's Share of Education by Establishing a Tax on Incomes of More Than \$1,000,000

Summary: The bill would do as the title suggests, apply an income tax surcharge on incomes over \$1,000,000 to fund education (EPS).

Implications: The bill would increase income taxes on high earners.

Voted Out of Committee with Majority Ought to Pass as Amended, Minority Ought Not to Pass, Party Lines D's vote for Majority Report and R's vote for Minority Report

LD 229 - An Act To Bring Fairness In Income Taxes To Maine Families By Adjusting The Tax Brackets And Tax Rates

Summary: The bill adds two income tax brackets in each category (for a total of 5), single, head of household and married filing jointly and increases the top income tax rates in the top two brackets in each category, from 7.15% to 7.75% and to 8.95%.

Implications: The bill if passed would increase income taxes on high earners. For singles the rates would increase from 7.15% to 7.75% for income over \$144,500 and to 8.95% for income over \$1,000,000. For heads of household the rates would increase from 7.15% to 7.75% for income over \$216,750 and to 8.95% for income over \$750,000. For married filing jointly, the rates would increase from 7.15% to 7.75% for income over \$289,000 and to 8.95% for income over \$1,000,000.

Status: Ought Not to Pass

LD 926 - An Act To Promote Research And Development In The State By Amending The Research Expense Tax Credit

Summary: The bill as originally drafted would increase the research expense tax credit by increasing the amount of expenditures eligible for the credit, doubling the rate by which the credit is calculated and doubling the amount of the credit that may be claimed and halving the base amount used to determine the credit. The sponsor has proposed an amendment

which would limit the amount of the credit which runs counter to what the original bill proposed to do.

Implications: Current R & D credit would be reduced and limited to small businesses.

L.D. 713, An Act to Amend the Tax Laws

Summary: The original bill was a concept draft. Sen. Nicole Grohoski has offered an amendment that would prohibit Data Service Centers from qualifying for the Business Equipment Tax Exemption (BETE) and from the Dirigo Business Incentive Programs.

Implications: The bill as amended would prohibit Data Service Centers from qualifying for BETE and the Dirigo Business Incentive Program.

Work Session:

Thur 3/19 1:30 PM @ SH, Room 127