

## OFFICE OF FISCAL AND PROGRAM REVIEW

Date: May 3, 2013  
To: Members, Joint Standing Committee on Taxation  
From: Elizabeth Cooper, Legislative Analyst

### **LD 1113, An Act To Provide Tax Fairness to Maine's Middle Class and Working Families**

**Summary:** This bill is a concept draft that proposes emergency legislation to accomplish the following goals:

- (1) To equalize the total state and local effective tax rate paid by low-income, middle-income and high-income Maine tax filers;
- (2) To partially fund the income and estate tax reductions of Public Law 2011, chapter 380 by providing revenue of between \$150,000,000 and \$250,000,000 over the next 2 years; and
- (3) To maintain an equalized state and local tax rate while enabling future changes that may also simplify Maine's tax code, stabilize revenues and reduce the tax burden on Maine residents

### **Public Hearing:**

#### Proponents

- The sponsor presented the bill and provided written testimony.
- There was substantial testimony in favor of LD 692, 834, 1113, 1124, and 1256. A copy of the sign-in sheet is attached to work session materials. (See additional materials below.)
- *Major points:* bill provides mechanism to equalize rates; considers total tax burden; annual income of \$350,000 with effective tax rate low than average would have assessment; first step toward comprehensive tax reform; provided distribution table; examples of how equalization would work; poll results and an overview sheet.

#### Opposed

- Those testifying in opposition to the bill included a representative of the Maine State Chamber of Commerce. Written testimony was submitted by the Maine Chapter of the National Federation of Independent Business.
- *Major points:* negative impact on business, statistics and examples provided in NFIB written testimony.

#### NFNA

- Those testifying in “neither for nor against” the bill included a retired corporate tax director/CPA.

**Technical issues:** This is a concept draft and the details of the proposal should be further developed if the Committee chooses to move forward with this bill.

**Additional Information:** See work session packet with side-by-side, state comparison data and testimony sign-in sheet - [www.maine.gov/legis/ofpr/taxation\\_committee/materials](http://www.maine.gov/legis/ofpr/taxation_committee/materials). Public hearing testimony - [www.mainelegislature.org/legis/bills/testimony.html](http://www.mainelegislature.org/legis/bills/testimony.html).

**Fiscal Information:** The preliminary fiscal impact statement was not available at the time this analysis was finalized. The most current fiscal information on bills can be found online at: [www.mainelegislature.org/LawMakerWeb/search.asp](http://www.mainelegislature.org/LawMakerWeb/search.asp).