

MAINERS *for* TAX FAIRNESS

MainersForTaxFairness.org

LD 229, An Act to Bring Fairness in Income Taxes to Maine Families by Adjusting the Tax Brackets and Tax Rates

Sponsored by Rep. Matlack, [LD 229](#) would reform Maine's income tax brackets by asking more of those most able to pay while supporting Maine families in the middle class. A more progressive income tax helps offset the regressive nature of sales and property taxes, strengthening the state's ability to fund the public services Maine communities rely on.

Amended version reported out on party lines

The amended LD 229 would create two new top income tax brackets for higher earners while lowering the bottom income tax rate from 5.8% to 5.5%. Income tax rates apply only to adjusted gross income, after deductions and exemptions (not total income). Maine's graduated tax structure means lower portions of income are taxed at lower rates for all filers, including those with high incomes.

Generating robust revenue

At a time when Maine faces a budget shortfall and potential cuts to critical programs, LD 229 would generate significant new revenue. The bill is projected to raise more than \$100 million in the upcoming biennium and over \$176 million in the following biennium, along with millions more to support municipal revenue sharing.

Asking more of those most able to pay

High-income earners would see an increase in taxes, while households with middle- and upper-middle-income would receive an annual income tax cut of roughly \$50 to \$150. Households with lower income would see little to no change, largely because many already owe little or no income tax due to Maine's relatively high standard deduction, personal exemptions, and refundable credits such as the Earned Income Tax Credit. Even the highest earners would still receive a tax reduction on the first \$27,450 of income for single filers and \$54,900 for married couples filing jointly.

About Mainers for Tax Fairness

Mainers for Tax Fairness is a coalition dedicated to cleaning up Maine's tax code to fund investments to build thriving communities. The coalition represents teachers, health care providers, policy experts, workers, small business owners, advocates for children and families with low incomes, and other groups fighting to improve tax fairness and build a stronger, more inclusive economy for all Mainers. MainersForTaxFairness.org