Republican Legislative Tax Proposal
Keeping Money in Working Mainers’ Pockets

The Republican proposal would cut Mainers’ income taxes by about $380 million over the biennium. A significant income tax cut will lead to significant economic growth, better jobs, and more opportunity for Mainers. Currently, a single filer earning about $20,000 in taxable income is subject to Maine’s highest marginal tax bracket. Under the Republican proposal, the highest marginal tax bracket would not kick in until about $50,000 in taxable income.

This plan would give low-income and middle class Mainers a significant tax cut, and would responsibly reduce revenues.

- **Individual Income Tax Brackets:**
  
<table>
<thead>
<tr>
<th>AGI Range</th>
<th>2016 AGI Tax Rate</th>
<th>2017 AGI Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0-$5200</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>$5,200-$50,000</td>
<td>6.25%</td>
<td>5.95%</td>
</tr>
<tr>
<td>$50,001+</td>
<td>6.75%</td>
<td>6.5%</td>
</tr>
</tbody>
</table>

*Mainers will not pay a dollar in income tax* until they make over $15,500 in total income, and they’ll pay a lower rate once the tax does kick in.

- **Itemized Deductions:** Keeps itemized deductions. *The charitable contribution deduction, mortgage interest deduction, and medical expense deductions are critical tools for Mainers to keep more of their own money and decrease their effective tax rate.*

- **Revenue Sharing:** Funded at $62 million during fiscal year 2016 and $64 million during fiscal year 2017. *Revenue sharing allows towns to combat the rise of property taxes and maintain local control.*

- **Homestead Property Tax Exemption:** Keeps current homestead exemption. *The homestead exemption incentivizes home ownership and provides much-needed property tax relief.*

- **Military Pension Income Exemption:** Exempts military pensions from the income tax. *Makes Maine a more attractive residence for veterans while rewarding those who have sacrificed so much for our way of life.*

- **Estate Tax:** Aligns with the Governor’s proposal to conform the estate tax to federal $5.5 million exemption during fiscal year 2016, and eliminates the estate tax during fiscal year 2017. *Allows more Maine families to pass down family-owned businesses and land without harsh penalties.*

- **Corporate Income Tax:** Aligns with the Governor’s proposed lowering of corporate income tax rates. *Allows Maine’s businesses to be more competitive.*

- **Nonprofit Tax:** This plan does not tax nonprofits. *Allows Maine’s thriving nonprofit sector to continue effectively and affordably providing important services to Mainers.*

- **Sales Tax:** Rate remains at 5.5% and the sales base remains at current law. *Mainers will not be faced with higher taxes on more of the items they regularly purchase or services they regularly utilize.*

- **Meals and Lodging:** Moves to 9% for each. *Keeps one rate to simplify tax calculations for tourism-based industries and allows more of Maine’s tax revenue to be captured from tourists.*

- **BETR/BETE:** Aligns with the Governor’s proposal to phase out BETR and transition to BETE. *Streamlines important incentives for Maine’s businesses to grow.*