



Tax Reform

Future of Maine's tax laws is in the hands of Maine voters
on June 8, 2010.

Key Provisions

1. *Reduces Income Taxes and Creates New Credits*

Reform establishes a uniform 6.5% rate for all taxpayers. This represents a 2% reduction in the marginal tax rate for individuals with taxable income greater than \$19,750 and couples with taxable income greater than \$39,550. For income above \$250,000 there is a surcharge of 0.35%. New tax credits will replace standard and itemized deductions and improve overall progressivity. Maine residents may qualify for a refundable household credit that is not available to nonresidents and part-time residents.

2. *Creates a More Balanced Sales Tax*

The number of services subject to sales tax is increased to account for the expanded role of services in the broader economy. The sales tax rate on lodging (except campgrounds) and prepared food is increased from 7% to 8.5%. However, Maine will still have a lower sales tax rate than the national median and tax fewer services than a majority of states.

3. *Improves Access to Property Tax Relief*

The application for the Maine Residents Property Tax and Rent Refund Program (the "circuit breaker") is included with the individual income tax form. Income and benefit calculations are also modified making this program more accessible to those who need it most.

Results

Collectively, these changes to the tax code are the most substantial in four decades. They will:

- ✓ Reduce taxes for nearly 9 out of 10 Mainers
- ✓ Support more reliable and consistent funding of education, health care and other public services
- ✓ Make the tax code modestly more progressive
- ✓ Export a higher share of taxes to nonresidents
- ✓ Promote Maine's tourism with dedicated revenue
- ✓ Improve the Maine Earned Income Tax Credit

Most Maine people, including taxpayers, businesses, and consumers, will benefit from this comprehensive tax reform package. Voting "No" on June 8, 2010 will make these results a reality.

0
Days Mainers have realized any state tax relief from reform which remains on hold pending the June 8 vote.

40
Years of no significant change to Maine's tax code.

87%
Of Maine families will pay less in taxes.

95%
Of Maine families earning less than \$40,000 will pay less in taxes.

\$150
Average tax decrease for all families receiving a tax cut.

\$54 million
In tax reduction for Maine residents largely due to exporting taxes to nonresidents.

750
Jobs supported as result of increased economic activity spurred by tax cuts for Maine residents.