

Vote “No” on 1
Questions and Answers

- 1) What does it mean to vote NO on ballot question #1?
 - A. **A “No” vote ensures that historic tax reform legislation passed last year finally becomes law**, providing tax relief to 9 out of 10 Maine families.

- 2) If tax reform passes, will most Maine families see a reduction in their income tax?
 - A. Yes. **A “No” vote will provide income tax relief to 95.6% of Maine tax families in 2011.** For these families, the average tax decrease will be \$204.

- 3) Will income taxes increase in 2012 and 2013 for many Mainers?
 - A. No. **A “No” vote will cut income taxes for 94.4% of Maine tax families in 2012 and 92.7% in 2013.** Tax rates and deductions will no longer be indexed, but more than 9 out of 10 Maine tax families will continue to receive income tax relief each year over the next three years.

- 4) Will a broadening of the sales tax base mean most Maine families won't receive tax relief?
 - A. No. Tax reform, which reduces income taxes while broadening the sales tax base, will still provide tax relief to most Maine families. After accounting for modifications to the sales tax, **a “No” vote means 87.4% of all Maine tax families will receive a tax cut averaging approximately \$150.**

- 5) What's the difference between credits and deductions?
 - A. Deductions reduce the amount of income subject to taxation. Credits directly reduce tax liability. **A “No” vote will implement the new household credit available only to Mainers. Both the household credit and the Maine Earned Income Tax Credit will be partially refundable.**

- 6) Will some Maine resident homeowners lose their federal itemized deduction for mortgage interest?
 - A. No. Tax reform does not affect the federal itemized deduction for mortgage interest. **Maine families who itemize mortgage interest on their federal income tax returns can continue to do so.**

- 7) How will tax reform impact charitable contributions?
 - A. Tax reform creates a tax credit for charitable contributions over \$250,000. Contributions under \$250,000 will affect calculation of the alternative household credit, but the maximum base credit amount will be capped. Increasing disposable income for most families will enable them to make new or additional charitable contributions.

- 8) What is the impact on low and moderate income families who itemize medical expenses?
 - A. Most low and moderate income families take the standard deduction, and the new household credits are designed to lower taxes more than the standard deduction in most cases. The value of itemized deductions rises with income, and a Maine Revenue Services analysis of past tax returns shows that more upper income tax families "lose" benefits from not itemizing deductions than lower income tax families.

- 9) Does tax reform offer other benefits for low and moderate income families?
 - A. Yes. In addition to lowering taxes for the majority of Mainers making below \$40,000, **tax reform makes the earned income tax credit partially refundable and makes it easier**

for families to apply for a refund under the Circuit Breaker program for property taxes assessed or rents paid.

10) Where can I look for more information?

- A. **Maine Revenue Services**, a non-partisan state agency, provides detailed analysis about who will benefit from tax reform. Maine Revenue Services provides comprehensive, reliable data. <http://www.state.me.us/revenue/taxreform.htm>. For a comprehensive analysis of tax reform, please visit the **Maine Center for Economic Policy** website and download *Tax Reform Delivers Benefits to Maine Households* by Dan Coyne. <http://www.mecep.org/view.asp?news=775>.