

Governor’s Budget Proposal Raises Taxes on Most Mainers, Gives Big Tax Cuts to the Wealthy

Summary of tax impacts for representative households as a result of proposed tax changes contained in Governor LePage’s FY18/19 budget proposal

Annual Income	\$26,000	\$26,000	\$38,000	\$52,000	\$128,000	\$500,000
Profile	Single, Renter	Single, Homeowner	Single mom with one child	Married couple with two children	Married couple with two children	Married couple
Taxable Income	\$9,531	\$9,531	\$11,097	\$10,262	\$82,400	\$500,000
Change in Income Tax	↓\$5	↓\$265	↓\$306	↓\$5	↓\$392	↓\$14,901
Change in Sales Tax	↑\$58	↑\$58	↑\$74	↑\$85	↑\$130	↑\$185
Change in Property Tax	N/A	↑\$500	↑\$440	↑\$280	↑\$360	N/A
Net Tax Changes	↑\$53	↑\$293	↑\$208	↑\$360	↑\$98	↓\$14,716
Assumptions	\$725 per month rent, standard deduction	Under age 65, home value of \$85,000 with a mil rate of 25, standard deduction	Home value of \$100,000 with a mil rate of 22, standard deduction	Home value of \$145,000 with a mil rate of 14, standard deduction	Home value of \$225,000 with a mil rate of 18, \$28,000 in itemized deductions	Over age 65, home value of \$400,000 with a mil rate of 10
Notes	Even though rent accounts for 33% of income, individual still does not qualify for property tax fairness credit under governor’s proposal.	Enhanced property tax fairness credit claimed on income taxes accounts for increased tax cut in first two examples but is offset by elimination of homestead exemption which has biggest impact for all homeowners. Standard deduction for a single filer is just over \$12,000, head of household is \$18,000, and married filer is \$24,000. Personal exemptions calculated at \$4,400 per exemption. Property tax changes do not account for other increases that may occur as a result of other changes contained in the budget such as the continued failure of the state to fund 55% of the cost of K-12 education and the proposed elimination of state aid to towns to help pay for municipal services.				Deduction phase out is reason for taxable income same as annual. No elimination of homestead exemption for older homeowners.