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Representative Lawrence Bliss (D-South Portland)

P R E S S R E L E A S E

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Representative Bliss Submits Major Tax Reform Bill

South Portland, January 8, 2007

Representative Lawrence Bliss (D-South Portland) has submitted a comprehensive tax reform package to the State Legislature, which convened for the new legislative term this month. The bill, which has not yet received a bill number, will be sent to the Taxation Committee for action some time during the first year of this two-year term.

Bliss has argued in the past that we should not "snip around the edges of tax reform" by just trying to change one part of the tax system or another. "We must look at the whole system if we are going to provide real relief. This proposal makes changes to all three main taxes (Income Tax, Property Tax, and Sales Tax) to provide substantial assistance to middle and low-income Maine citizens."

Highlights of the proposal include:

- Removing over 50,000 households from owing ANY income tax.
- Increasing to \$30,800 the amount that can be earned by a family of four with NO taxes.
- Raising the minimum benefit in the Tax and Rent Program to \$3000.
- Reducing income taxes for ALL taxpayers.
- Stabilizing state revenues through a broader tax base, and exporting a larger share of the tax burden to non-residents.
- Fully reimbursing municipalities for the \$13,000 homestead exemption enacted in LD 1.

Some taxes will be increased in this plan. For example, meals and lodging tax will increase from 7 to 8 percent, the same as New Hampshire. The sales tax base will be broadly expanded to include amusement and recreational services, personal services, real property services, taxi, same-day courier services, snack foods, telephone directory advertising and packaging materials. A new excise tax is imposed on soft drinks at the wholesale level, and the taxes are increased slightly on beer and wine, and on auto rentals.

"The real question," said Bliss, "is whether people are willing to accept some small new taxes to lower their property and income taxes. I believe that they are, and that this plan makes a great deal of sense for everyone."

