

SECTION VII– STATE AND LOCAL TAX BURDENS

This section provides a historical look at Maine’s state and local tax burdens. For the purposes of the Compendium, tax burden is portrayed by two relatively simple measures: taxes as a percent of personal income and taxes per capita. Included in this analysis are all state and local taxes, which includes most license fees and assessments. This definition of “taxes” mirrors that used by the United States Department of Commerce, Bureau of Census. The analysis breaks out the major broad-based taxes (the income taxes, the sales and use taxes and local property taxes).

These taxes are divided by Maine’s personal income and population to present taxes as a percentage of personal income and taxes per capita amounts. Personal income and population data are from the United States Department of Commerce, Bureau of Economic Analysis and Bureau of Census and Maine’s State Planning Office. This year’s report also provides an inflation-adjusted analysis of per capita income to compare the “real” or inflation-adjusted growth of state and local taxes to population.

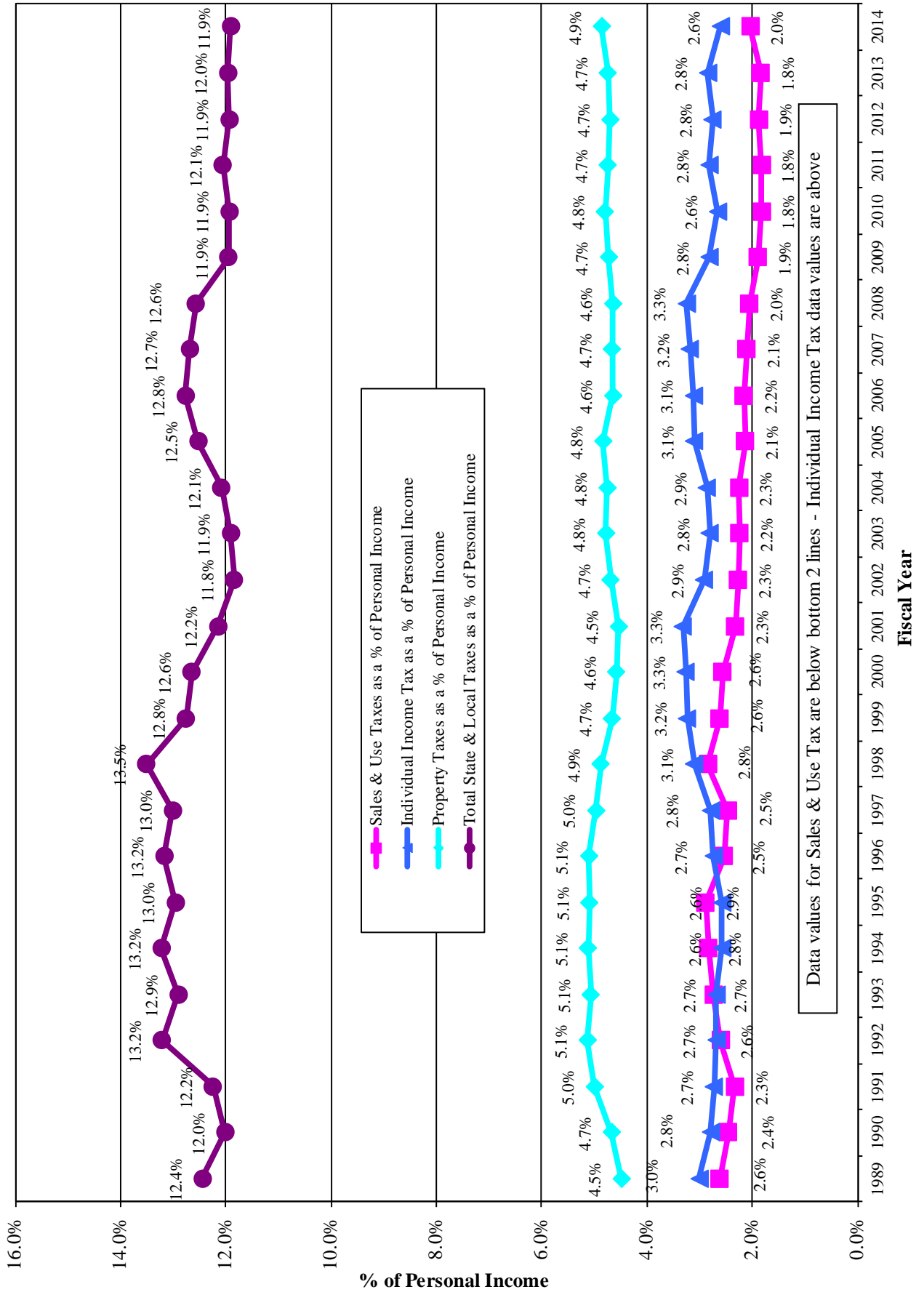
As mentioned above, this section represents relatively simple measures of tax burden that are often used to compare tax burdens for all states. The Maine Revenue Services, Office of Tax Policy within the Department of Administrative and Financial Services presents a much more comprehensive analysis of Maine’s tax burden in its report, *Maine Tax Incidence Study: A Distributional Analysis of Maine’s State and Local Taxes*. The report is required to be updated biennially by 36 M.R.S.A. 36 §200.

In an effort to get “credit” in the national rankings for some major tax relief programs funded by General Fund appropriations, the accounting treatment of these programs was changed. Beginning in fiscal year 2005, the method of funding the Maine Residents Property Tax program was changed from a direct General Fund appropriation to a revenue transfer and a reduction to General Fund revenue. The method of funding the Business Equipment Tax Reimbursement program and the Business Equipment Property Tax Exemption program changed similarly beginning in fiscal year 2006 and 2009, respectively. Although reported by the State as reductions of individual income tax revenue through fiscal year 2009, these reductions of individual income tax revenue are considered transfers by the Bureau of Census. As a consequence, the Bureau of Census does not reflect these tax relief program expenditures as adjustments to Maine’s tax burden. The analysis in this section mirrors the Bureau of Census treatment of these tax relief programs and does not reduce individual income tax or tax burden for these tax reimbursement program costs. The table below summarizes the impact on tax burden if the transfers were calculated as a reduction to total state and local taxes.

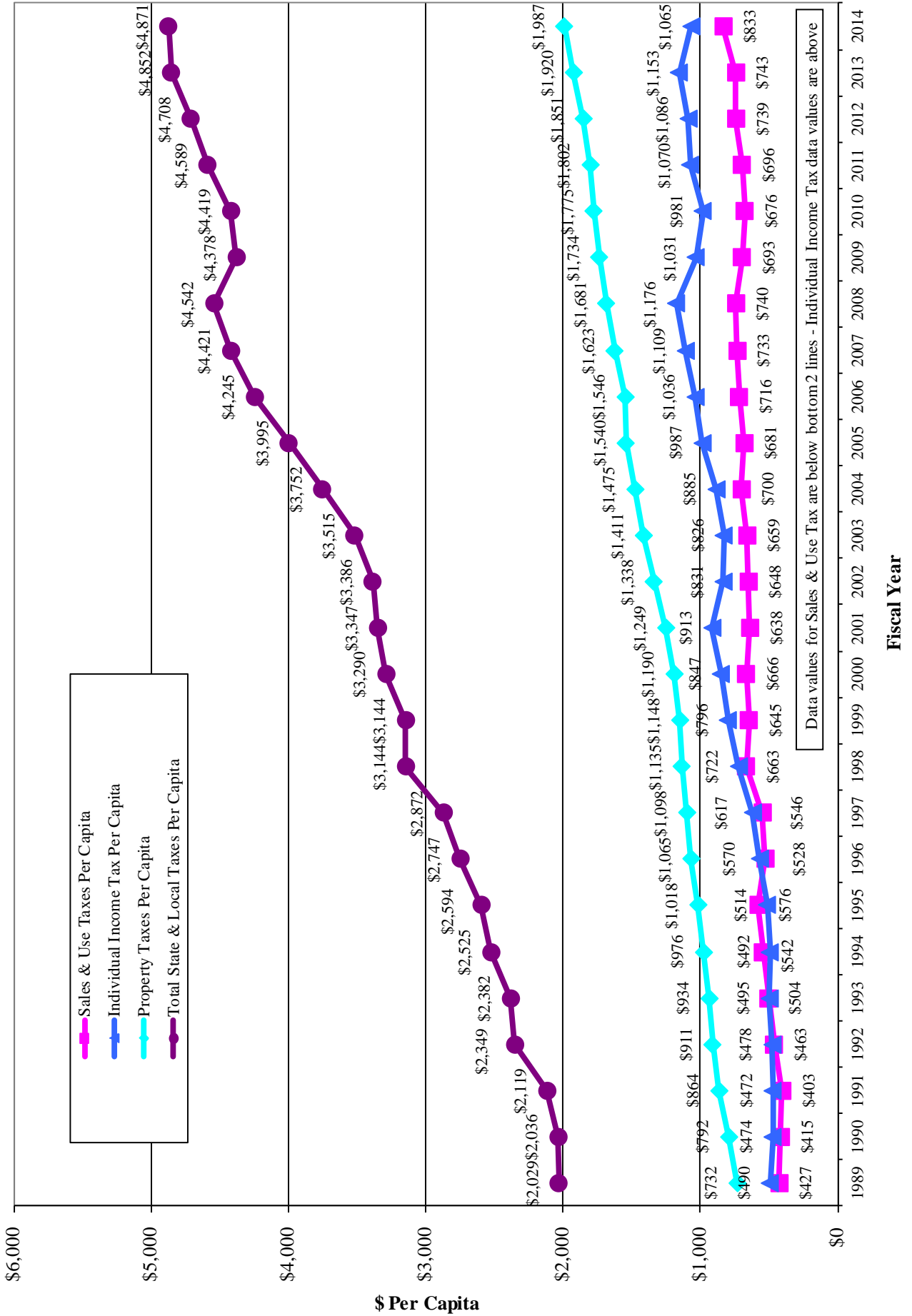
**Reductions to Tax Burden from
inclusion of Tax Relief Programs**

Fiscal Year	Per Capita	As a % of Personal Income
2006	(\$83)	-0.10%
2007	(\$84)	-0.10%
2008	(\$86)	-0.10%
2009	(\$92)	-0.10%
2010	(\$86)	-0.08%
2011	(\$86)	-0.08%
2012	(\$87)	-0.08%
2014	(\$49)	0.00%

Graph VIII-1 State and Local Taxes - % of Personal Income



Graph VIII-2 State and Local Taxes Per Capita



Graph VII-3 State and Local Taxes Per Capita - Inflation Adjusted
 Adjusted for Inflation using Consumer Price Index - All Urban Consumers (1982-1984 average = 100)

