



64,000 MAINE HOUSEHOLDS FACE TAX HIKE UNDER U.S. SENATE TAX PLAN SIMILAR TO HIKES FROM STATE & LOCAL TAX (SALT) DEDUCTION “COMPROMISES”

Under the tax bill passed by the U.S. Senate, **nearly 64,000 Maine taxpayers (9.3%) would face tax increases in 2019 of \$600 on average**, according to the Institute on Taxation and Economic Policy (ITEP). [Table 1] A major reason for these tax increases is the bill’s limitation of the state and local tax (SALT) deduction. The Senate-passed bill repeals the deduction for state and local income and sales taxes, and caps deductible property taxes at \$10,000. **In Maine 28% of taxpayers claim the SALT deduction, averaging \$11,400, according to the Tax Policy Center.**

Lawmakers are considering “compromises” that may be included in the final bill, which they claim would limit the harm to middle-class families from scaling back the SALT deduction. One proposal (“SALT Compromise 1”) would allow taxpayers to deduct a combination of state and local income taxes and property taxes, with the total deduction capped at \$10,000. A less generous proposal (“SALT Compromise 2”) would allow taxpayers to deduct up to \$10,000 in either income taxes or property taxes, but not both. Thus, if a household has only \$5,000 in income taxes and \$3,000 in property taxes it could only deduct up to \$5,000.

ITEP analyzed the two “compromises” and found that they would do little to limit the harm of the Senate tax bill to Maine residents, and would do nearly nothing for middle-class families. **Under SALT Compromise 1, allowing a \$10,000 deduction for combined income and property taxes, nearly 55,500 Maine taxpayers (8.1%) would still face tax increases in 2019, averaging \$490.** [Table 2]

Under SALT Compromise 2, which forces taxpayers to choose between deducting up to \$10,000 in either income or property taxes, almost 60,000 Maine taxpayers (8.7%) would still see their taxes rise by an average of \$530. [Table 3]

Table 1: Maine Taxpayers Facing Tax Hikes Under Senate-Passed Bill, 2019

Income Group	Income Range			Taxpayers in Income Group	Share with Tax Hike	Taxpayers with Tax Hike	Average Tax Hike
Poorest 20%	Less than		\$24,390	135,720	15.2%	20,570	\$40
Second 20%	\$24,390	to	\$41,650	135,110	3.2%	4,270	\$410
Middle 20%	\$41,650	to	\$64,580	136,630	8.4%	11,520	\$370
Fourth 20%	\$64,580	to	\$106,240	135,900	8.9%	12,060	\$910
Next 15%	\$106,240	to	\$198,470	101,680	11.4%	11,640	\$1,210
Next 4%	\$198,470	to	\$506,560	27,270	12.9%	3,520	\$1,340
Richest 1%	\$506,560	and	higher	6,920	2.5%	170	\$10,280
ALL				686,180	9.3%	63,740	\$600
Bottom 60%	Less than		\$64,580	407,460	8.9%	36,360	\$190

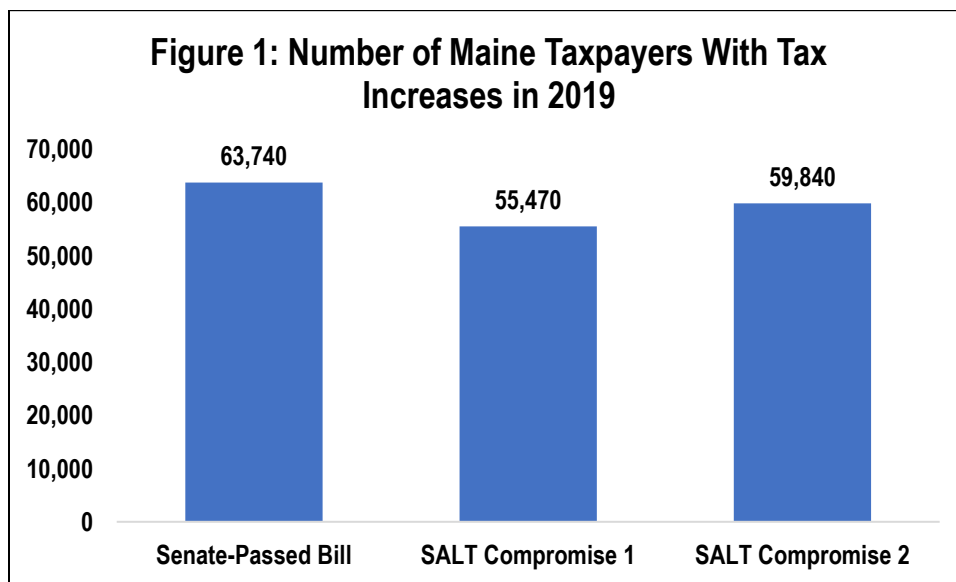
Sources: ITEP, [“Compromises” Under Discussion for the State and Local Tax Deduction Do Not Fix Flawed Tax Bills](#)” (Dec. 10, 2017). Number of taxpayers in each income group from ITEP, [“National and 50-State Impacts of House and Senate Tax Bills in 2019 and 2027”](#) (Dec. 6, 2017). Average tax hike from ITEP’s microsimulation model, shared with ATF.

Table 2: Maine Taxpayers Facing Tax Hikes Under SALT Compromise 1, 2019							
Income Group	Income Range			Taxpayers in Income Group	Share with Tax Hike	Taxpayers with Tax Hike	Average Tax Hike
Poorest 20%	Less than		\$24,390	135,720	15.2%	20,570	\$40
Second 20%	\$24,390	to	\$41,650	135,110	3.2%	4,270	\$380
Middle 20%	\$41,650	to	\$64,580	136,630	8.4%	11,520	\$220
Fourth 20%	\$64,580	to	\$106,240	135,900	5.9%	8,060	\$750
Next 15%	\$106,240	to	\$198,470	101,680	8.2%	8,390	\$1,280
Next 4%	\$198,470	to	\$506,560	27,270	9.1%	2,490	\$1,430
Richest 1%	\$506,560	and	higher	6,920	2.5%	170	\$10,100
ALL				686,180	8.1%	55,470	\$490
Bottom 60%	Less than		\$64,580	407,460	8.9%	36,360	\$140

Sources: See Table 1

Table 3: Maine Taxpayers Facing Tax Hikes Under SALT Compromise 2, 2019							
Income Group	Income Range			Taxpayers in Income Group	Share with Tax Hike	Taxpayers with Tax Hike	Average Tax Hike
Poorest 20%	Less than		\$24,390	135,720	15.2%	20,570	\$40
Second 20%	\$24,390	to	\$41,650	135,110	3.2%	4,270	\$410
Middle 20%	\$41,650	to	\$64,580	136,630	8.4%	11,520	\$300
Fourth 20%	\$64,580	to	\$106,240	135,900	8.5%	11,480	\$790
Next 15%	\$106,240	to	\$198,470	101,680	9.1%	9,240	\$1,250
Next 4%	\$198,470	to	\$506,560	27,270	9.5%	2,590	\$1,380
Richest 1%	\$506,560	and	higher	6,920	2.5%	170	\$10,100
ALL				686,180	8.7%	59,840	\$530
Bottom 60%	Less than		\$64,580	407,460	8.9%	36,360	\$160

Sources: See Table 1



Sources: See Tables 1-3