

**June 8, 2010 Referendum Election  
Fiscal Impact Statement for the People's Veto Question**

**Question 1: People's Veto**

**Do you want to reject the new law that lowers Maine's income tax and replaces that revenue by making changes to the sales tax?**

**Fiscal Impact Statement  
Prepared by the Office of Fiscal and Program Review**

**Fiscal Notes and Detail.** Presented below is a summary of the revised fiscal impact of Public Law 2009, chapter 382, with all effective dates delayed by one year from the original effective dates to accommodate the delay imposed by the people's veto process. The impact of the tax changes in the Act has also been adjusted to reflect revised economic and revenue forecasts. All of the revenues and costs presented below are contingent and would occur only if the people's veto fails at the June 2010 referendum.

	2009-10	2010-11	2011-12	2012-13
<b>Summary of Revenue Increases (Decreases)</b>				
<u>Individual Income Tax</u>				
General Fund	\$0	(\$32,813,000)	(\$79,450,000)	(\$71,186,000)
Local Government Fund	\$0	(\$1,727,000)	(\$4,182,000)	(\$3,747,000)
<u>Sales and Use Tax</u>				
General Fund	\$0	\$32,757,000	\$72,110,000	\$73,158,000
Local Government Fund	\$0	\$1,724,000	\$3,929,000	\$4,074,000
Tourism Marketing Promotion Fund	\$0	\$0	\$2,544,000	\$4,253,000
<u>Tax and Rent Relief</u>				
General Fund	\$0	\$0	(\$935,000)	\$0
<b>Total General Fund Revenue</b>	<b>\$0</b>	<b>(\$56,000)</b>	<b>(\$8,275,000)</b>	<b>\$1,972,000</b>

**Summary of Administrative Costs:** The original General Fund appropriations to fund the additional administrative costs of Public Law 2009, chapter 382 will remain as originally enacted, despite being delayed by one year. The administrative expenses that would be incurred by Maine Revenue Services, Department of Administrative and Financial Services, include salary and benefit costs for 5 positions in the first year the tax reform package becomes effective, increasing to 11 total positions in the second year, additional programming costs and additional printing and mailing costs. If the people's veto fails, the original appropriations included in the Act would become effective except the appropriations in fiscal year 2009-10, which would not occur due to an effective date after the close of that fiscal year.

Presented below is a comparison of the original appropriations for the administrative costs compared with the revised administrative costs with a delayed effective date of one year. Subsequent legislation will be required to adjust appropriations to reflect the change in costs.

	2009-10	2010-11	2011-12	2012-13
Original appropriations in PL 2009, c. 382	\$523,073	\$1,511,091	\$967,304	\$1,015,664
With effective dates delayed by one year	\$0	\$635,479	\$1,542,013	\$1,062,878

**End of Fiscal Impact Statement for Question 1**