



Testimony in Support of LD 1231, “An Act to Bring Fairness in Income Taxes to Maine Families by Adjusting the Tax Brackets,” **LD 1434**, “An Act to Abolish the Maine Income Tax and Establish a Zero-based Budget,” **LD 1671**, “An Act to Reduce the Income Tax to 4.5 Percent on the Lowest Tax Bracket and Remove Low-income Families from Taxation,” **LD 1638**, “An Act to Lower the State's Individual Income Tax,” and **LD 1651**, “An Act to Reduce the State Income Tax.”

Senator Grohoski, Representative Perry, and the distinguished members of the Committee on Taxation, my name is Nick Murray and I serve as director of policy for Maine Policy Institute. We are a free market think tank, a nonpartisan, non-profit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to testify **in support of LDs 1231, 1434, 1638, 1651, and 1671.**

As you weigh these proposals, keep this in mind: Maine imposes the highest tax rate on income made up to \$100,000 for a single filer than any other state in New England. That undoubtedly makes the state less attractive to prospective citizens in comparison to other states.

At some point, we must come to grips with the fact that our economic policies are actively pushing away workers and entrepreneurs. Combined with some of the highest energy costs in the nation and an aging population, several states offer a more affordable landing pad for young families and start-ups than Maine does.

This is the economic reality facing our state. In even the most generous state rankings on economic health and competitiveness, Maine places in the bottom 10.¹ The cost of doing business here is 9% higher than the national average; the cost of living is 15% higher.²

Any of these bills would improve our relative economic situation, but LD 1434, to abolish the income tax entirely, would provide the greatest boost to Mainers and help attract much-needed workers to the state. Recently inflated General Fund revenues are Mainers’ rightful earnings. Why does the state get to benefit while the people are getting fleeced by inflation? The rainy day fund has hit its statutory maximum. Mainers need and deserve a permanent tax cut.

¹ <https://www.cnbc.com/2022/06/13/how-we-are-choosing-americas-top-states-for-business-in-2022.html>

² Cost of Living Index by State 2023.

<https://worldpopulationreview.com/state-rankings/cost-of-living-index-by-state>

There may be no truer adage in economics than, “when you tax something, you get less of it.” The income tax is truly unlike any other tax—it disincentivizes work and saps the value people create for others. It is the price we pay for being uncivilized. Think of how dehumanizing it is to have the fruits of one’s labor taken before even being able to account for it. The state should promote earnings instead of taxing them.

Please **deem LDs 1231, 1434, 1638, 1651, and 1671 “Ought To Pass”** and work to build a tax policy environment that promotes growth instead of stagnation. Thank you for your time and consideration.

Income Tax Brackets of New England States (2022)

