



MAINE AFL-CIO

A Union of Unions Standing for Maine Workers

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Testimony of Maine AFL-CIO Legislative & Political Director, Adam Goode, on Revenue Options in LD 210, An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2025, June 30, 2026 and June 30, 2027

Senator Rotundo, Representative Gattine, members of the Committee on Appropriations and Financial Affairs, and Senator Grohoski, Representative Cloutier, members of the Committee on Taxation, my name is Adam Goode. I'm the Legislative and Political Director of the Maine AFL-CIO. We represent 40,000 working people in the state of Maine. We work to improve the lives and working conditions of our members and all working people. We are providing testimony with comments on taxation changes in the proposed biennial budget that acknowledge the need for revenue to provide quality public services, yet ultimately fall short when it comes to working families who struggle with soaring costs while giving wealthy people and multinational corporations a free pass.

We see areas in this budget that simply come up short for working families. Workers in the United States now work more hours per year than any other industrialized country. Despite working more hours than ever, working people are not reaping the benefits of their labor. Up until the early 1970s it was normal that working people would share in profits when they increased their productivity.

We see no need for workers to struggle given that for the last three decades, the net worth of the wealthiest 1% of Americans grew by \$21 trillion, while that of the bottom 50% dropped by \$900 billion. The bottom 50% of American households owns just 2% of the nation's wealth.^{1,2}

The increase in the state worker attrition rate will exacerbate the staffing problems and reduce the quality of state services. Changing the attrition rate from 1.6% to 5% is essentially a raid on the personnel services in state government, which will only make it harder to improve wages, working conditions and staffing in state government, where an abysmal 1 in 6 positions remain vacant. There is a crisis in staffing in state government now, and this change moves money from staffing to fill other budget gaps.

The proposed budget also cuts \$30 million from childcare worker stipends. The cost and access issues in child care are consistently brought up as a barrier for working class people to balance work and family. These cuts reduce the average earnings for nearly 7,500 child care workers by \$4,000 over two years and are combined with a \$7 million reduction in Head Start funding and the cancelling of a \$5 million scholarship program that

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¹<https://www.peoplespolicyproject.org/2019/06/14/top-1-up-21-trillion-bottom-50-down-900-billion/>

²<https://www.peoplespolicyproject.org/2023/10/23/wealth-distribution-in-2022/>

helps child care workers pay for care for their own children. The Child Care Affordability Program has a waitlist for enrollment despite the \$10.2 million you dedicated towards expanding the program for FY 25.

Workers at Maine's two state psychiatric hospitals and workers who do mental health and crises work in the field do stressful, difficult, and dangerous work. The state acknowledges that there are certain jobs, like being a corrections officer, that you cannot do forever. Despite dealing with the same population of patients as corrections officers, and having fewer protections from violence on the job, mental health workers do not have access to the 25/55 retirement plans. This issue has not been resolved despite workers coming and recounting horrific stories at hearings during the past legislatures. When we last weighed in on this issue in May, the workers had gone through a weekend with 53 vacancies. At times, they have had just one mental health worker for eleven or twelve patients when they are supposed to have a one to six staffing ratio, according to the 1990 AMHI consent decree.

All of these issues could easily be addressed if the legislature asked wealthy individuals and corporations to pay their fair share. These cuts and missed opportunities are not due to lack of funding. They are a matter of policy choices. There are bills already submitted by legislators this session that would raise sufficient revenue by creating a "millionaire's tax" to raise over \$200 million next biennium, to raise the real estate transfer tax on higher priced homes and to increase taxes on capital gains for wealthy individuals.

The wealthiest 1% in Maine pay a smaller percentage of their income in state and local taxes than the working class.³ It is simply not right that a millionaire is in the same top income tax bracket as a nurse or a plumber.⁴ We need to stop favoring the wealthy by giving them preferential tax treatment and use that revenue to support making it easier for working people to get by.

We pay taxes for critical services that benefit all of us. The revenues we raise through taxes ideally would provide the conditions for Maine communities to be places where working class people can live, work, raise our families and, someday, retire with dignity in our own homes. This can be accomplished by ensuring that those who have benefited the most in this economy make tax contributions toward public investments that pay it forward for future generations of Maine workers, families and retirees. Maine's current tax structure is imbalanced as a direct result of the 2011 income tax cuts that primarily benefited the wealthy. That is where this shortfall comes from – not federal funds or overspending.

We look forward to working with legislators to advance proposals that help workers and address income inequality through a fairer and more sustainable tax system that brings in robust revenues and avoids cuts in the future.

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³<https://itep.org/whopays/maine-who-pays-7th-edition/>

⁴https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/ind_tax_rate_sched_2025.pdf

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Attached are the comments I gave during today's hearing on Taxation