



February 27, 2025

Testimony In Opposition To

LD 229, An Act to Bring Fairness in Income Taxes to Maine Families by Adjusting the Tax Brackets and Tax Rates

February 27, 2025

Senator Grohoski, Representative Cloutier, and Honorable Members of the Taxation Committee,

My name is Alexander Price, and I am submitting this testimony in opposition to LD 229 on behalf of the Maine Jobs Council, which is a statewide, nonpartisan, member-driven advocacy organization that advances public policies to support the creation and preservation of foundational jobs in Maine. The Maine Jobs Council opposes LD 229 because it would continue to make Maine less competitive with other states and would discourage high earners from moving to or staying in Maine.

Maine currently has the second worst economic ranking in New England. Massachusetts is #3, New Hampshire is #18, Vermont is #30, Connecticut is #31, Maine is #43, and Rhode Island is #45. One of the reasons for this is because we already have high taxes. Maine currently has the 4th highest tax burden in the nation. This is a combination of the highest property tax burden in the nation, as well as an income tax burden and a sales & excise tax burden that are among the highest in the nation. One state that has a higher tax burden than us is New York, but the incomes in New York are much higher. Here are a few other important data points:

- Maine ranks #43 (8th worst) for business environment – U.S. News & World Report
- Maine ranks #43 (8th worst) for venture capital investment – National Venture Capital Association
- Maine ranks #42 (9th worst) in personal income – U.S. Department of Commerce.
- Maine ranks #39 (12th worst) for top states for business – CNBC
- Maine ranks 9th highest for per capita health care spending – Kaiser Family Foundation
- Maine ranks 10th highest for top income tax rate – Tax Foundation
- Maine ranks 18th highest for energy expenditures per capita – U.S. Energy Information Administration
- Maine has a stagnant population: we have an aging workforce and young people are not moving to or staying in Maine.

The reason to highlight this data is to show the complex issues we have as a state. Individual pieces of legislation, like LD 229, are not the solution to solving our state's economic problems. We encourage this committee to start taking a more comprehensive look at how workforce challenges, taxes, regulations, infrastructure, and other issues act as a barrier to job creation in

our state. If Maine is not a competitive and productive place for businesses, workers, and families, its economic plans and efforts will falter. Maine needs to develop a comprehensive, integrated, and strategic plan that focuses legislation, regulation, and public policy on talent attraction, investment, and job creation.

Low-income taxpayers would see very little to no benefit from his proposal. Instead, the burden would be shifted to medium- and high-income taxpayers. High earners in Maine already pay a huge percentage of state taxes. Rather than giving them reasons to leave Maine or discouraging more of them from coming here, we should be attracting them by reducing our need for higher taxes by cutting the cost of government and making it considerably more efficient.

If this legislation passes, Maine will be less competitive with other states and it will be less likely that high earners will move to or stay in Maine – especially with the expansion of remote work. While some people are moving here, Maine is not the only safe, rural state and individuals looking to relocate to Maine may look elsewhere because of these tax increases. Maine could be a destination state and that is a better way to grow the tax base.

The MJC thanks the committee for its time and consideration of this issue, and we would welcome any opportunity to discuss it with you.

Thank you,

Alexander Price, Pierce Atwood
On behalf of the Maine Jobs Council