



Maine Education Association

Jesse Hargrove President | Beth French Vice President | Jaye Rich Treasurer
Rebecca Cole NEA Director | Rachelle Bristol Executive Director

Testimony

In Opposition To

LD 856: An Act to Phase Out the Income Tax

Jan Kosinski, Government Relations Director, Maine Education Association

Before the Taxation Committee

March 13th, 2025

Senator Grohoski, Representative Cloutier and other esteemed members of the Taxation Committee,

My name is Jan Kosinski, and I am the Director of Government Relations for the Maine Education Association (MEA). The MEA represents nearly 24,000 educators, including teachers and other educators in nearly every public school in the state, as well as full-time faculty and other professional and support staff in both the University of Maine and Community College systems. Thousands of retired educators continue their connection and advocacy work through the MEA- Retired program.

I offer this testimony today on behalf of the MEA in OPPOSITION to LD 856, *An Act to Phase Out the Income Tax*.

According to the Maine Education Policy Research Institute (MEPRI), the individual income tax accounts for over 43% of all state revenue. The sales and use tax accounts for 41% of all state revenue and the corporate tax accounts for 8% of all state revenue.

Also, according to MEPRI, 27% of all state revenues are dedicated to the state's school funding formula called the Essential Programs and Services formula. In addition, 7% of all general fund expenditures are dedicated to higher education in our state while an additional 4% are dedicated to "other education." This means, all told, nearly 40% of the state's General Fund expenditures are dedicated to public education.

Given this information we are left with the following question – how does our state fund a public education system in our state if we eliminate more than 40% of the revenue the state collects? This bill ignores this pressing question. Our public schools are doing the best they can under incredibly challenging circumstances right now. Gradually abolishing the income tax will most assuredly result in drastic cuts to public schools, public education and will certainly hurt our state's future economic prospects. There is irrefutable evidence that educational outcomes are directly connected to future economic performance and overall future well-being. This proposal, if ever passed, would put Maine on a dark path towards lower quality schools and public services.

Public schools would be forced to rely even more on property taxes which are regressive and have stronger impacts on the poorest among us. The same with sales tax. Working people and low-income Mainers pay more of their earnings on sales tax than those with higher incomes. Eliminating the income tax would then put more pressure and focus on these two types of taxes which unquestionably burden lower income individuals – until we see proposals to eliminate these taxes as well.

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This bill proposes the opposite of what we should be doing. Rather than abolishing the income tax, we should be raising income taxes on the wealthiest among us, especially to fund the best tool for social mobility and future economic progress for our state – public education.

I will remind the Committee that in 2016 the voters approved a 3% surcharge on the wealthiest Mainers to support public schools. Despite a negative campaign of attacks by the opposition, the Stand Up for Students campaign was successful, and voters approved this initiative. Sadly, a few months later, the Legislature saw fit to overturn the will of the voters and remove the surcharge and gave public schools half the money they expected to receive if the surcharge on income above \$200,000 had been maintained. We would argue this bill before you is in opposition to the expressed wishes of the voters and we hope you will vote “ought not to pass” on this legislation.

Thank you for your attention and your service to the people of Maine. I will do my best to answer any questions you may have.

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