

Larry Dansinger

LD 1047

March 24, 2025

To members of the Taxation Committee of the Maine Legislature:

I am writing in support of both LD 1047 and LD 1089 for several reasons.

One reason is that people with great wealth rarely pay their fair share. While many who earn enough money pay 30 percent or more in federal income taxes on wages, wealthier individuals or couples pay at most 15-20 percent for capital gains taxes, which is usually most of what they have as income and pay in taxes, depending on deductions. Some pay less.

Another reason is that those who do productive work pay more, while those whose income is from capital gains, such as interest or sale of real estate or some other item of value, pay less even though the income is from past work or no real work at all. Productive work should be rewarded with lower taxes, not penalized with higher taxes.

There is public anger over wealthy individuals paying little or no income taxes because of tax loopholes. Elon Musk, for example, has paid little or no income tax for at least several years, although he is claimed to be the richest person in the world. Such double standards make a mockery of our tax system and promote disrespect for it among those who pay what they are owed without trying to "game" the system.

Countries, and states within countries, where income inequality is greatest, are most dysfunctional. Research has demonstrated that nations with the most income inequality have worse records for factors such as life expectancy, women's status, percentage who are mentally ill, drug use, teenage birth rates, homicides, math and literacy scores, and even trust.

A small tax on wealthy individuals will not significantly affect their ability to access basic needs. They should have no problem continuing to eat well and enjoy a high quality of life. Taxes raised from other sources that are less progressive or even regressive can impact some people's ability stay in a home or maintain a job.

A four percent tax on incomes of the wealthy is a drop in the bucket compared to what would be a truly fair tax rate based on ability to pay for those in the top 1-5 percent of incomes. But it is at least a start. I urge members of the taxation committee and all members of the legislature to support these two bills.

Sincerely,

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