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Testimony in Opposition to LD 1089

(“An Act to Permanently Fund 55 Percent of the State's Share of Education by Establishing a Tax on Incomes of More than \$1,000,000”)

J. Andrew Cashman on behalf of the Maine Association of REALTORS®

March 26, 2025

Senator Grohoski, Representative Cloutier and members of the Joint Standing Committee on Taxation, my name is Andy Cashman. I am the Founder of Resolve Government Relations. We represent the Maine Association of REALTORS®, a professional trade association established in 1936 with over 6,500 members statewide. REALTORS® protect private property rights, build Maine communities, and grow our state’s economy. Our members represent buyers and sellers involved in both residential and commercial real estate transactions. Our membership also includes industry affiliates, such as lenders, closing agents, title agents, appraisers, building inspectors, surveyors, etc. The Maine Association is chartered by the National Association of REALTORS® (NAR), the largest trade association in the country.

The Maine Association of REALTORS® strongly opposes LD 1089 because it would substantially increase Maine’s income tax. Maine wages are more than 20% below the U.S. benchmark. Yet, at the same time, Maine has the 9th highest state and local tax burden as a share of state income. LD 1089 would allocate an additional 4% surcharge for some income earners in Maine to finance public education, which is primarily funded through property taxes. The taxpayers targeted in this proposal have already paid their share of the burden through existing income and property taxation. Charging an additional 4% surcharge on income to support education is an over-reaching and inequitable proposal.

LD 1089 would negatively impact Maine’s economic sustainability. Raising taxes increases a household’s cost of living, and their ability to secure and keep housing. This proposal would further contribute to Maine’s housing challenges and discourage needed workforce from choosing to call Maine home. Increasing the income tax, at the expense of economic growth is not sustainable for Maine.

This increased tax would apply to thousands of Maine businesses that pass their income through the owner’s individual income tax form, including sub-chapter S corporations, Limited Liability Partnerships, and the other pass-through entities. Increased tax rates will make it more difficult for Maine to retain professionals including business leaders, doctors and dentists, other specialized health care providers, and entrepreneurs. Why would businesses and the labor force move to or remain in Maine if New Hampshire has no income tax and Massachusetts has a flat income tax rate that is half of Maine’s for the upper income bracket?



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Maine residents and businesses are hurting financially, and this is not the time to burden our citizens with higher taxes. The fragility of Maine's economy – personal and business finances – is undeniable.

For these reasons, we urge you to vote Ought Not to Pass on LD 1089. Thank you for your time and consideration.