



Testimony in Support of LD 1363:

“An Act to Exempt Resident Minors’ Income from Income Tax”

Senator Grohoski, Representative Cloutier, and the distinguished members of the Committee on Taxation, my name is Harris Van Pate, and I serve as policy analyst for Maine Policy Institute. Maine Policy is a free-market think tank, a nonpartisan, non-profit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to testify in support of LD 1363, “An Act to Exempt Resident Minors’ Income from Income Tax.”

This bill would exempt income earned by resident individuals under 18 from Maine’s personal income tax, whether earned independently or while the minor is claimed as a dependent. It is a targeted and principled reform that will reduce unnecessary burdens on young Mainers entering the workforce and strengthen Maine’s long-term economic health.

Encouraging Early Work Ethic and Economic Participation

LD 1363 supports the values of initiative, independence, and personal responsibility. By removing a tax burden from minors, the state sends a clear message: we want to encourage young people to enter the workforce, develop valuable skills, and contribute to their communities.

It is important to note that the vast majority of minors earn well below the federal standard deduction—currently \$14,600 in 2024—which Maine uses as the basis for calculating income tax.¹ In effect, this means most working teens already owe no income tax. As such, LD 1363 is largely symbolic and would have a negligible impact on state revenues. But its symbolic value is important. It affirms that the government will not treat the modest efforts of young workers with the same tax burden it imposes on adults earning full-time incomes.

Furthermore, for the relatively small number of exceptionally motivated minors who earn above the standard deduction—perhaps through a summer business, heavy part-time work, or some kind of entrepreneurship—this bill ensures they are rewarded, not penalized, for going above and beyond. Maine needs to retain and encourage these kinds of young people.

¹ <https://www.irs.gov/pub/irs-soi/24rpchangesincomebyage.pdf>



Administrative Efficiency and Simplicity

From an administrative standpoint, taxing minor income yields minimal revenue while creating unnecessary paperwork and complexity. Many working teens are part-time employees or seasonal workers whose earnings fluctuate and whose returns are often handled by parents or guardians. The cost of compliance, processing, and enforcement often exceeds any benefit derived by the state. LD 1363 would reduce this inefficiency for families and for Maine Revenue Services alike.

Strengthening Workforce Development in an Aging State

Maine's demographic challenges are well-documented. With one of the oldest populations in the nation and a growing shortage of working-age residents, Maine must take every opportunity to promote workforce participation. Encouraging work among minors helps build a skilled and experienced labor force and promotes the long-term cultural shift toward responsibility and self-sufficiency that Maine needs.

New Hampshire, Florida, and Texas—states with strong economies and robust migration trends—already forgo income taxes on young workers. Maine should follow their lead and send a clear message that initiative and early career-building are welcome here.

The one addition Maine Policy believes would further support Maine's minors in the workforce would be amending the bill to exempt minors from the new state Paid Family and Medical Leave tax.² This would support minors by allowing them to keep up to an extra 1% of their income, and employers who seek to help prepare potential workers for entering the workforce.

Conclusion

LD 1363 is a modest but meaningful reform. It affirms the dignity of work, simplifies our tax code, and aligns with core principles of economic freedom and personal responsibility. Most importantly, it ensures that government policy rewards, rather than hinders, the efforts of young Mainers who are ready to earn, save, and grow.

For these reasons, Maine Policy Institute urges the committee to vote Ought to Pass on LD 1363. Thank you for your time and consideration.

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<https://ogletree.com/insights-resources/blog-posts/payroll-deductions-for-maines-paid-family-and-medical-leave-program-will-start-on-january-1-2025/#:~:text=substitution%20is%20approved.,Payroll%20deductions%20for%20Maine's%20paid%20family%20and%20medical%20leave%20program,this%20contribution%20from%20employees'%20wages.>