

Anne M. Gallaudet
Scarborough, Maine

April 24, 2025

Re: LD 1664, An Act to Repeal the Dirigo Business Incentive Program

Senator Curry, Representative Gere and Honorable Members of the Joint Committee on Housing and Economic Development

I appreciate this opportunity to address you on this important matter. My name is Anne Gallaudet. I am a resident of Scarborough, Maine. I am writing in support of LD 1664.

The Dirigo Business Incentive Program (DBIP) lowers business income taxes by providing refundable tax credits of up to \$2 million for investments in training and capital equipment beginning in 2025. Eligible sectors include agriculture, forestry, fishing, manufacturing, long-distance freight transportation, software publishing, data processing and computer design services, engineering, architecture and scientific research and development service. It does not include construction. The program was estimated to cost over \$54 million dollar a year in lost revenue.

Given the current deepening fiscal crisis facing Maine, the DBIP does *not* best address the critical needs of both the Maine business community and the State's labor force. Maybe as conceived two years ago, this program had commendable features, but times are *terribly different now*. The problems identified by critics of the proposed program two years ago have been exacerbated by the recent downturn in the Maine economy as well as the substantial loss of federal funding to a wide swath of Maine businesses and nonprofits as well as the state of Maine.

TAX INCENTIVES ARE NOT THE RIGHT TOOLS NEEDED AT THIS CRITICAL TIME TO ADDRESS THE MOST PRESSING PROBLEMS FACING BUSINESSES AND WORKERS IN MAINE. If the purpose of the program was to help build skills and reduce staffing shortages, would not a better use of the taxpayers' money be used to address affordable housing, childcare, inadequate public transportation, significant skill building and enact a family and medical leave program? Why were tax credits for large businesses a focus and not more beneficial programs that would address the real needs of our workers and small to moderate size businesses?

DBIP FAVORS LARGE BUSINESSES THAT ARE LEAST LIKELY TO NEED TAX INCENTIVES TO INVEST: This subsidy is a corporate tax giveaway that disproportionately benefits the very businesses that have the economic funds to easily make their own investments in capital. Additionally, ironically those large businesses are more likely be headquartered *outside* of Maine. There is no guarantee that this large

subsidy program will have a serious impact on the Maine economy and best meet the critical needs of the business community and labor force. In fact, this program is not built on a carefully constructed design, but flimsy wishful conceits.

SMALL BUSINESSES OVERLOOKED. This program overlooks the heart of Maine's economy – small to moderate sized home-grown businesses – adult and child daycare and pet care centers, restaurants, retail shops, landscapers, health care focused businesses, repair shops, etc.

DBIP FAILS TO ADDRESS WORKER SHORTAGES and GENDER INEQUITY: Eligible sectors are disproportionately dominated by males. The program thus fails to address unemployed and underemployed women's needs, and those of the businesses most likely to hire and train them. It also has no explanation for the sectors chosen and how they relate to addressing worker shortages and skills needed for the 21st century in Maine.

The DBIP eligible sectors are certainly worthy of serious concern by Maine BUT NOT IN THIS MANNER. Even with respect to these sectors, one must ask if this program substantially helps the businesses and workers in most need in these sectors. Further, have we probative evidence that the DBIP program is/will result in substantial job opportunity and skill building? There is no evidence to demonstrate DBIP is actually addressing growth in quality jobs, building real transferable skills and supporting workers who are struggling.

INDEED, LITTLE IS DEMANDED OF THE PROGRAM BENEFICIARIES – I.E., WE ARE GETTING LITTLE BANG FOR THE BUCK. These tax incentives are not carefully targeted. On top of that, *little* is demanded of the DBIP recipients of the tax incentives. I think our fingers are merely crossed, having no metrics required to identify objectives and show that they are being met.

What we need is tax reform, not tax incentives. It boggles my mind why Maine won't create a more progressive tax structure instead of weighing down the average business and individual with regressive taxes. Please stop with the abundance of corporate welfare to the detriment of the rest of us – including smaller to moderate size businesses. Please stop with the regressive taxes. I add that trickle-down theory (including tax incentives for large corporations) has been proven wrong time and time again, yet we are drawn to it like moth to the flame. Please pass LD 1664.

Thank you for the opportunity to testify. I urge you to vote "Ought to Pass" on LD 1664.

Anne Gallaudet,
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