

Testimony of Linda Caprara

On behalf of the Maine State Chamber of Commerce

In Opposition to L.D. 1879, "An Act to Support Maine's Agricultural Economy by Increasing Revenue From the Corporate Income Tax and Providing Property Tax Relief".

Good Morning, Sen Grohoski, Rep.Cloutier and Members of the Joint Standing Committee on Taxation. My name is Linda Caprara. I am the Vice President of Advocacy for the Maine State Chamber of Commerce. We are testifying in opposition to L.D. 1879, "An Act to Support Maine's Agricultural Economy by Increasing Revenue from the Corporate Income Tax and Providing Property Tax Relief."

The bill would impose an additional tax of 1.07% on annual corporate income of more than \$3.5 million. This would essentially increase Maine's top corporate income tax from 8.93 percent to 10 percent. Any revenue generated would be designated for Maine's agricultural industry and agricultural related infrastructure. Again, it's yet one more bill that proposes to help one set of taxpayers at the expense of another.

According to the Tax Foundation, Maine already has one of the highest corporate income taxes in the country, ranking as the 5th highest as of January 1, 2025. Increasing corporate income taxes will impact jobs, investments, and will ultimately shrink, not grow Maine's economy. Corporations will invest less and that will lead to lower productivity as workers will not have the latest technology and tools.

According to Maine Revenue Services, Report on Corporate Income Tax Data, which was released to the Legislature's Taxation Committee, there are over 15,966 corporations in Maine. Of that figure there are many that would be considered smaller businesses and are established as C-Corps. The legislation would exacerbate an already challenging competitiveness environment with more taxes on Mainers, penalizing the success of small businesses across the state. We feel that increasing the corporate income tax rate will result in lower investment, job losses and reduce our state's competitiveness.

We urge the committee to vote ought not to pass on L.D. 1879. I would be happy to answer any questions.

