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February 20, 2024

Testimony of Rep. Jan Dodge in support of
LD 457, An Act to Amend Maine's Tax Laws
Before the Taxation Committee

Good afternoon Senator Grohoski, Representative Perry and distinguished members of the Taxation Committee. I am Jan Dodge of House District #39, Belfast, Northport and Belmont. I am here to speak in strong support of LD 457 and the amendment language before you.

The history of this situation goes back to 2011, when retired state employee and retired teacher future pension benefits and Cost-of-Living Adjustments (COLA's) were used to balance the budget. Fast forward to today, hundreds of communications and testimonies over the ensuing years have documented the collective harm and reduced retirement security this produced.

LD 70, the bill on which this amendment is based, was an attempt to begin corrections. The Labor and Housing Committee voted in unanimous support of that bill and further listed it as a top priority with the Appropriations and Financial Affairs Committee. LD 70 passed both the House and the Senate. The huge fiscal note of the bill prohibited Appropriations Committee funding, but please know that the magnitude of the cost of the bill represents the magnitude of the loss experienced by our retired state workers and retired educators! Calculations estimate the average retired teacher with a pension of \$30,000 has lost over \$37,000. This is like losing an entire year of income!

The Chairs of the Labor and Housing Committee, Senator Tipping and Representative Roeder, along with Representative Skold and I, met with the Chief Executive several weeks ago. We were reminded of the small checks and one-time adjustments that have been issued. We were asked if we would support suspending 55% funding of education or other initiatives to right this wrong. The meeting closed with the challenge to "find the money." That is why we are here.

Adjusting the pension deduction will produce part of the needed one-time funding while affecting only those with higher incomes. The Maine Revenue Services information would seem to indicate benefits for single income up to \$91,000 and joint filers up to \$183,000. This aligns with Maine policy of larger tax benefits for those with lower incomes.

The remaining funding could come from the money set aside by the Chief Executive in the Supplemental Budget. With future projected decreases in revenue, we should act responsibly to fund programs on which Maine people rely.

Enacting this amendment is good policy. The Maine Center for Economic Policy (MECEP) listed LD 70 as making sound fiscal sense. Passing LD 457 will demonstrate to the members of the Maine Association of Retirees, (MAR) and Maine Education Association-Retired (MEA-R), as well as current state workers and educators, that Maine Legislative leaders recognize past injustices and respect their years of service.

I urge you to pass LD 457!

Thank you for your time and attention. I would be happy to answer any questions you may have of me.