



126 Sewall Street  
Augusta, ME 04330-6822  
TTY/Voice: (207) 626-7058  
Fax: (207) 621-8148  
www.mejp.org

**Maine Equal Justice**  
**People Policy Solutions**

**Ann Danforth**  
Senior Policy Advocate  
(207) 626-7058 x216  
adanforth@mejp.org

**Testimony on behalf of Maine Equal Justice on the taxation portions of *An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2025, June 30, 2026 and June 30, 2027***

February 3, 2025

Good afternoon Senators Rotundo and Grohoski, Representatives Gattine and Cloutier, and Members of the Committees on Taxation and Appropriations and Financial Affairs. My name is Ann Danforth and I use she/her pronouns. I'm a Senior Policy Advocate at Maine Equal Justice (MEJ), a nonprofit civil legal aid provider working to increase economic security, opportunity, and equity for people in Maine.

Maine Equal Justice has been active at the State House for over 25 years. Our work focuses on many of the issues that affect people's daily lives – access to adequate health care, housing, transportation and childcare; food and income security; and higher education and training. MEJ works in partnership with people living in poverty to organize and advocate together for equitable laws and policies. We also provide education and training throughout the state on programs and policies that directly impact individuals and families living with limited means.

**I'm here today as you consider the Taxation portions of the Biennial Budget to encourage you to consider other revenue sources to fund Maine's critical programs.**

Many of the Mainers with whom we work – your constituents – are struggling financially. Many are choosing between paying rent, heating their home, buying groceries, putting gas in the car to get to work, or paying medical and credit card bills. While 1 in 10 Mainers are living below the official Federal Poverty Level (close to \$2,000 per month for a family of 3<sup>1</sup>), 3 in 10 Mainers are "asset limited, income constrained, and employed" (ALICE).<sup>2</sup> These Mainers earn above the Federal Poverty Level but not enough to afford the basics in their communities where they live. Taken together, that's nearly half of Maine households who are struggling to get by.

Your committees know well that revenue decisions have lasting repercussions for generations of Mainers. Revenue ensures we have adequate state resources for Mainers to have a safe place to live, access health care, adequate nutrition at school, and can meet their basic needs.

<sup>1</sup> <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>

<sup>2</sup> <https://www.unitedforalice.org/state-overview/maine>

We appreciate that the proposed budget seeks to protect certain programs, including eligibility for MaineCare, which has had a significant positive impact on Maine's uninsured rate over the past six years. Unfortunately, the cuts the proposed budget *does* make primarily affect programs that support the lowest income people in Maine. The proposed cuts limit our ability to make key investments that would strengthen the financial stability and wellbeing of those Mainers who are struggling the most while also shoring up critical aspects of our human infrastructure, such as child care, health care, and pay for state workers.

We are told that we must either cut critical programs or have an unbalanced budget. **But this is a false choice.** Instead of balancing our budget on the backs of the lowest income Mainers, we could make different policy choices. The legislature has a number of progressive revenue options to choose from that ask those with the most to contribute the most<sup>3</sup>. This revenue could fund programs that enable people to meet their basic needs, join the workforce, have meaningful careers, and strengthen our state and communities. Things like:

- Affordable housing programs to help address Maine's housing crisis;
- Refundable tax credits for Mainers with low-income;
- Our health care system to keep all Mainers healthy and make sure no one goes without lifesaving care;
- And other critical programs that keep Mainers afloat.

To wrap up, I will leave you with a quote from a woman from Waldo County who responded to a recent survey MEJ conducted of more than 700 Mainers. She says: *"Not sure what one needs to do to be deserving of the American Dream, or a little bit of help when you make just enough to get by but not catch up after each emergency...and the finish line keeps moving. For some people housing is as easy as trading motels in Monopoly...[while] some people are living inside those motels because they are homeless and living at the whim of those doing the trading, which makes one feel powerless...a lot of it does, really."*

Thank you for your time and I'm happy to answer any questions you may have.

Ann Danforth

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<sup>3</sup> <https://www.mecap.org/wp-content/uploads/2024/11/Tax-Policy-Solutions-for-2025-and-Beyond-MECEP.pdf>

- Add new high income tax brackets and rates so people with the most wealth pay more of a fair share
- Create a "millionaire's tax" or income tax surcharge to tax income over \$1 million by an additional amount
- Phase out lower income tax brackets as earnings increase so income for high earners that falls into the lower tax brackets is taxed instead at the higher rate
- Tax wealth differently from work. Tax unearned income — including payouts from stocks or other investments and income generated from selling investment properties, valuable collections, and stocks — at a higher rate than income earned through work
- Close business tax loopholes, and clamp down on tax avoidance by ending offshore tax haven abuse and ineffective business tax subsidies
- Reinstate the corporate alternative minimum tax repealed in 2018
- Strengthen the estate tax, owed on wealth passed on after death
- Raise the real estate transfer tax, split by homebuyers and sellers when a home is sold, on higher priced homes