

February 5, 2025

Testimony on LD 210, 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

Senators Rotundo and Curry, Representatives Gattine and Gere, and members of the Committees on Appropriations and Financial Affairs and Housing and Economic Development, my name is Maura Pillsbury and I am a tax policy analyst at Maine Center for Economic Policy. I am here today to testify regarding business subsidies, the real estate transfer tax, and the eviction prevention program.

Business subsidies

The State of Maine gives away hundreds of millions of dollars in business tax subsidies each year without a concrete understanding of the value it is getting for this money. It is wrong to ask the most vulnerable Mainers to tighten their belts without asking big, profitable corporations to do the same. We urge the Legislature to rein in giveaways of Maine taxpayer dollars to businesses. Not only are big, profitable corporations receiving big tax breaks, in some cases Maine taxpayers are writing them checks because these tax credits are refundable.

There is little transparency around who receives these tax breaks in Maine, but we do know:

- From 2021-2023, the sole recipient qualifying for the Major Business Headquarters Expansion tax credit received \$2.2 million from Maine taxpayers,ⁱ despite having over \$1 billion in worldwide profits in 2023.ⁱⁱ
- The sole recipient of the Maine Shipbuilding tax credit receives a tax break of over \$3 million each year,ⁱⁱⁱ while at the same time their parent company spent millions of dollars on stock buybacks.^{iv}
- Maine gave away \$12 million in tax credits to a paper company owned by one of the richest families in the world, which shuttered its operations just five years later.^v
- The new Dirigo tax break program will cost the state an estimated \$44 million each year, some of which will be directed to businesses for actions they would have taken anyway without the credit.

These amounts may seem inconsequential to large, multinational corporations, but these numbers are not trivial to Maine taxpayers. These tax giveaways further exacerbate income inequality by directing the biggest benefits to businesses that already have the capacity to make the types of investments needed to qualify for them. They create an uneven playing field for local businesses by directing greater resources to their competitors. We are helping the rich get richer while we consider cuts to vital state programs that impact our most vulnerable.

This is not how we should run our state and we urge you to consider cutting these programs rather than those proposed by the Governor.

Redirection of real estate transfer tax funds – Part QQ

Currently the real estate transfer tax funds important priorities to expand housing in Maine. As we know, there is a dire housing shortage. We believe funds from real estate sales should continue to fund housing and not be redirected into the general fund as the Governor is proposing. Further, some of your colleagues have put forward proposals to make the real estate transfer tax more progressive by increasing the tax on higher value home sales. We urge you to consider adding this additional source of revenue for housing to the budget.

Eviction Prevention Fund

I'd also like to take this opportunity to urge the Committees to continue supporting the Eviction Prevention Pilot Program which the Legislature created last year. The demand for the program is clear. Within a month of opening applications in October, MaineHousing had to create a waiting list. We urge the legislature to not only ensure that this program continues on an ongoing basis, but increase the level of funding to better meet demand.

Housing is the foundation of every Mainer's economic stability, and while the ultimate solution to the state's housing shortage rests in building more units, we also need immediate measures like the eviction prevention fund to keep people in their homes while those new units are being built.

Thank you for your time. I would be happy to answer any questions.

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ⁱ Maine Revenue Services. "Revenue loss to the state from the tax credit for major business headquarters expansions." 31 Dec 2024. <https://legislature.maine.gov/doc/11435>

ⁱⁱ IDEXX Laboratories Inc. 10-K Annual Report for year ending December 31, 2023. SEC Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system accessed 2/4/2025. <https://www.sec.gov/search-filings>

ⁱⁱⁱ Maine Revenue Services. "Revenue loss to the state from the tax credit for Maine shipbuilding facility investment." 31 Dec 2024. <https://legislature.maine.gov/doc/11435>

^{iv} Ziobro, Paul. "General Dynamics Gets Authorization to Buy Back 10 Million Shares." 4 Dec 2024. Morningstar.com

^v Anderson, J. Craig. "Chinese company to receive \$12 million in tax credits to restart Old Town mill." Portland Press Herald, 14 Dec 2018.