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Testimony of Rep. Ann Matlack introducing

LD 229, An Act to Bring Fairness in Income Taxes to Maine Families by Adjusting the Tax Brackets and Tax Rates

Before the Joint Standing Committee on Taxation

Good afternoon, Senator Grohoski, Representative Cloutier and respected colleagues on the Taxation Committee. My name is Ann Matlack, and I represent House District 43, which includes the communities of Cushing, Thomaston, South Thomaston, St George and part of Owls Head. I am here today to introduce LD 229, **An Act to Bring Fairness in Income Taxes to Maine Families by Adjusting the Tax Brackets and Tax Rates.**

As we on the Taxation Committee were told yesterday, Maine has at different times, had more tax brackets and tax rates and fewer tax brackets and tax rates. But always, the tax brackets were very flat and the top brackets were low. Maine relies too heavily on those in the middle class for revenues.

Currently, Maine has three tax brackets. The lowest tax bracket for single individuals is \$21,050; the highest bracket for single individuals is \$50,000. This means if you're single and have a Maine adjusted gross income of \$50,000, you pay the same tax rate of 7.15% as someone whose AGI is \$150,000 or \$250,000 or more. The same is true for heads of households, where the highest tax bracket is \$75,000; and for those filing joint returns, where the top tax bracket is \$100,000.

Working class Mainers shouldn't pay the same tax rates as those at the top, but that's how our tax brackets are structured. As a result, our tax code is upside down, with those at the top actually paying a lower share of their income in taxes than the middle class. It shouldn't be this way. Many Maine people are struggling, yet we keep asking for more from those who have the least. Instead, we should ask for more from those who have the most.

With LD 229, I propose to make Maine's Individual Income Tax more equitable by increasing the base of the tax brackets, by increasing the number of tax brackets and by adding a top tax bracket for high income earners. Single individuals whose adjusted gross incomes are \$500,000 or more would pay an effective tax rate of 8.2% on income above \$500,000; the top tax bracket for heads of households would be \$750,000, and \$1 million for those who file joint returns. I also propose to increase the number of tax brackets from three to six, with an emphasis on decreasing the tax burden on middle-income earners.

Tax structures that favor the wealthy shift costs onto workers and small businesses, making life harder in our communities. We must make our tax code more progressive to help support

working people in our state and create an economy where everyone can thrive, not just those at the top.

I would be happy to answer any questions you may have.