

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

February 27, 2025

Sen. Grohoski, Rep. Cloutier, and members of the Taxation Committee, my name is Maura Pillsbury and I am a tax policy analyst at Maine Center for Economic Policy. We are testifying in support of LD 229, An Act to Bring Fairness in Income Taxes to Maine Families by Adjusting the Tax Brackets and Tax Rates, sponsored by Rep. Ann Matlack.

LD 229 adds new tax brackets for higher incomes, while expanding the bracket thresholds at which the existing rates kick in. A similar bill was presented during the 131st Legislature by Rep. Micky Carmichael, which passed the Legislature with bipartisan support, and was subsequently vetoed by the Governor. The table below shows the changes proposed by this bill for single filers (the bill includes all filers).

Maine personal income tax – single filers

Current		Proposed – LD 229	
Taxable income	Rate	Taxable income	Rate
<\$26,800	5.8%	<\$41,600	5.8%
\$26,800-\$63,450	6.75%	\$41,600-\$85,000	6.75%
>\$63,450	7.15%	\$85,000-\$144,500	7.15%
-	-	\$144,500-\$205,000	7.52%
-	-	\$205,000-\$500,000	7.15%
-	-	>\$500,000	8.2%

This bill makes Maine's tax code more progressive in a way that is revenue neutral by asking more from those who have a greater ability to pay. We support this bill because it opens an important conversation about creating new higher brackets. However, it is important to know under this proposal, upper middle-class households would get the largest tax cuts because they are more likely to have income fully falling within the expanded brackets. We urge the committee to go even further to make changes to Maine's tax code that would raise additional revenue to help offset the budget shortfall and help avoid harmful proposed cuts. We also believe the dip in the proposed second highest bracket should be corrected if this bill moves forward so the tax rate increases as income increases.

Middle class Mainers pay a greater share of their income in taxes than Mainers with the greatest wealth, and tax cuts from 2011 that benefit the wealthiest Mainers remain in place. As the federal government doubles down on cutting critical support programs to fund tax breaks for the wealthy, we urge the committee to chart a different path and make Maine's tax code fairer. We hope this bill, and other proposals coming to you this session to make Maine's income tax more progressive, will be a starting point for this important conversation.

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