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Testimony on behalf of Maine Equal Justice in support of LD 229, An Act to Bring Fairness in Income Taxes to Maine Families by Adjusting the Tax Brackets and Tax Rates

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Good afternoon Senator Grohoski, Representative Cloutier, and Members of the Taxation Committee. 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 to testify in support of LD 229, An Act to Bring Fairness in Income Taxes to Maine Families by Adjusting the Tax Brackets and Tax Rates

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 poverty level (close to \$2,000 per month for a family of 3¹), 3 in 10 Mainers are “asset limited, income constrained, and employed” (ALICE).² These Mainers earn above the FPL 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.

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

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

Maine Equal Justice is proud of the steps towards tax fairness Maine has taken over the years, including increasing the Earned Income Tax Credit, Property Tax Fairness Credit, and the Dependent Exemption Credit. At the same time, there is still progress that can be made. As you heard from Maine Revenue Service's presentation yesterday, the lowest 50% of Mainers are paying a higher effective tax rate than the top 50%, and notably, than the top 1% (see Table 5 of 2026-2027 Maine Tax Expenditure Report, attached). This is not only unfair in principle, but not taxing the wealthy and corporations also creates a missed opportunity to generate revenue that ensures we have adequate state resources for Mainers to have a safe place to live, access health care, adequate nutrition at school, and meet their basic needs.

This bill, which is based on a previous session's LD 1231, An Act to Bring Fairness in Income Taxes to Maine Families by Adjusting the Tax Brackets, passed the full legislature with bipartisan support. This speaks to the measured and common sense approach this bill takes. A multimillionaire should not be paying the same tax rate as a Mainer with taxable income of just \$60,000³ – especially when we have policy tools like this bill at our disposal which take a finer, more targeted approach.

According to an analysis of the previous session's bill, a single filer would have to make \$502,200 to see their taxes go up. That person would pay \$1 more than they currently do.⁴ In Maine, there are just 2,900 resident taxpayers who would have seen a tax increase because of the new higher tax bracket in the previous iteration of this bill, according to MRS.⁵ Lastly, this bill would move us a step in the right direction towards undoing harmful tax cuts from a previous administration that have not been reversed, and have led to reduced revenue and exacerbated inequality in our state.

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

Ann Danforth

³ https://www.maine.gov/revenue/sites/maine.gov/revenue/files/inline-files/ind_tax_rate_sched_2024.pdf

⁴ <https://www.pressherald.com/2024/04/12/maine-lawmakers-endorse-higher-tax-brackets-for-wealthier-residents/>

⁵ <https://www.pressherald.com/2024/04/12/maine-lawmakers-endorse-higher-tax-brackets-for-wealthier-residents/>

Table 5: Distribution of Combined Taxes by Income for Maine Tax Families, 2023

Income Group	Income Upper Bound	Individual Income, Sales & Excise Tax on Consumers, Owner-occupied property tax			All Taxes in Tables 3 and 4		
		Tax Liability	Share of Tax Liability	Effective Tax Rate	Tax Liability	Share of Tax Liability	Effective Tax Rate
Lowest 20%	\$28,333	\$208.8	3.9%	8.9%	\$311.1	4.6%	13.3%
20 - 30	\$33,759	\$178.0	3.4%	7.5%	\$257.6	3.8%	10.8%
30 - 40	\$48,042	\$228.0	4.3%	7.4%	\$317.5	4.7%	10.4%
40 - 50	\$59,398	\$289.0	5.5%	7.6%	\$387.7	5.8%	10.2%
50 - 60	\$73,927	\$370.1	7.0%	7.8%	\$484.9	7.2%	10.3%
60 - 70	\$93,357	\$461.2	8.7%	7.8%	\$593.9	8.8%	10.1%
70 - 80	\$123,397	\$601.5	11.4%	7.9%	\$764.5	11.4%	10.0%
80 - 90	\$179,490	\$843.8	15.9%	8.0%	\$1,040.9	15.5%	9.9%
90 - 95	\$248,747	\$600.9	11.4%	8.1%	\$728.7	10.9%	9.8%
95 - 99	\$555,054	\$812.2	15.3%	8.4%	\$975.7	14.5%	10.1%
Top 1%	.	\$698.7	13.2%	7.7%	\$852.0	12.7%	9.4%
Total		\$5,292.2	100.0%	8.0%	\$6,714.5	100.0%	10.1%