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February 27, 2025

Senator Nicole Grohoski, Chair Representative Kristen Cloutier, Chair Members of the Taxation Committee

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

Dear Senator Grohoski, Representative Cloutier and members of the Taxation Committee:

The Maine Grocers & Food Producers Association and the Retail Association of Maine are providing joint testimony on *LD 229*, *An Act to An Act to Bring Fairness in Income Taxes to Maine Families by Adjusting the Tax Brackets and Tax Rates*. Our business trade associations represent Main Street businesses including independently owned and operated grocery stores and supermarkets, general merchandise and specialty retailers, convenience stores, distributors, and supporting partners — together representing more than 450 members statewide. Maine's retail sector employs more than 85,000 Mainers.

Maine already has one of the most progressive income tax structures in the country, ensuring that those with higher earnings contribute a greater share while maintaining fairness across income levels. Dr. Allen from Maine Revenue Services did a great job yesterday morning discussing this very fact with the committee. Expanding the number of brackets and further increasing tax rates would place an undue burden on Maine's workforce, entrepreneurs, and small businesses—many of whom are already struggling with inflation, workforce shortages, and economic uncertainty.

Rather than making Maine more competitive, this proposal would discourage investment, hinder job creation, and make it more difficult for businesses to attract and retain talent. Maine's economic success depends on fostering an environment that supports growth, not one that penalizes success with higher taxes. Maine continues to be a high-tax state, and LD 229 would be harmful to our economy.

For these reasons, we respectfully urge the committee to reject this proposal. Thank you for your time and consideration. I am happy to answer any questions the committee may have.

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