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Testimony of Rep. Cheryl Golek introducing

LD 1089, An Act to Permanently Fund 55 Percent of the State's Share of Education by Establishing a Tax on Incomes of More than a Million Dollars *Before the Joint Standing Committee on Taxation*

Good morning Sen. Grohoski, Rep. Cloutier and members of the Taxation Committee. My name is Cheryl Golek, and I represent District 99, which includes Harpswell and part of Brunswick. Today, I am here to present **LD 1089, An Act to Permanently Fund 55 Percent of the State's Share of Education by Establishing a Tax on Incomes of More than a Million Dollars**.

We do not need to entertain policies that ask more from our hard-working, everyday Mainers, and we should support policies that benefit our most vulnerable, not policies that increase the struggles of those already in need. It's time to work toward a fair tax system that benefits us all.

Middle-class Mainers are currently paying higher effective tax rates than millionaires in our state. This is not right. It's past time to ask those who benefit the most to pay their fair share. We must remember that those who benefit the most only do so because of the hard work and needs of those who benefit the least.

The bill before you today simply asks for our richest to share a slice of bread with those who turned the dough and made the loaf for them to eat. Our economy shouldn't be balanced on the backs of the working class, yet it is. Hard-working Mainers are struggling to pay their bills.

As a person who comes from generational poverty, I know personally how an unjust tax code affects working-class people trying hard to climb that ladder to achieve their own American dream. As a business founder, I understand the need to make revenue and the costs of running a business. I also see the massive injustice in our current tax code system.

The cost of living has continued to outpace wages, and many people are now working two and three jobs and still paying more than 50% towards rent. Teachers, firefighters, nurses and older care workers shouldn't have to pay the same tax rate as millionaires.

Income inequality has continued to worsen, but it does not have to. We can create better, fairer taxes that benefit our entire state. LD 1089, An Act to Permanently Fund 55 Percent of the

State's Share of Education by Establishing a Tax on Incomes of More than a Million Dollars, will help us to start building a much-needed road towards tax fairness.

We already know the people of Maine support a fair tax system. In 2016, voters overwhelmingly approved a ballot referendum with a 3% surcharge on income over \$200,000, sadly only to see their wishes overturned by the Legislature then. The bill before you today is modest compared to those wishes, proposing a 4% surcharge only on income above \$1 million.

There is more than enough proof that millionaire taxes work. The private sector economic growth rate in six of the eight states¹, including the District of Columbia, that enacted millionaire's taxes since 2000 has met or exceeded their neighboring states after implementing these tax increases. Seven of the eight states had per capita growth in personal incomes at least as strong as nearby states, and five of the eight added jobs at least as quickly as their neighbors. In 2023, Massachusetts placed a 4% surtax on taxable income over \$1,000,000, increased annually for inflation.

Millionaires' taxes are enabling other states² to make crucial investments. Targeted income tax increases on high-income households can generate substantial revenues, allowing lawmakers to minimize harmful cuts when budgets are tight as well as to undertake ambitious initiatives such as expanding early education, boosting college access, improving infrastructure, and strengthening "rainy day" funds.

We all know there is a lot of uncertainty in Washington, D.C. right now, and LD 1089 can bring at least some predictability and stability that the people of Maine and their communities across the state need and deserve.

Creating a 4% surcharge on those who make over a million dollars would raise over \$200 million in the next biennium. This surcharge will be directed towards our promised 55% share of public education. Creating a permanent funding source would give towns and school boards predictability in their budgets. It could help stabilize property taxes and more. As our economy grows, this fund will grow and continue to be used for public education. While we all know how vital our educational system is for the education of our children, what is not often mentioned is that it is by far our state's largest public childcare service. This investment is also an investment in our small and large businesses by ensuring our public education system is funded well and able to meet their valuable employees' needs.

LD 1089 will create a fairer tax code and pave the road to a permanent investment for our state that will benefit everyone. We Mainers know our state is the way life should be, but we also know a lot of Mainers have been left behind. Adding a modest surcharge has an impact on millionaires, but it will benefit the lives of many others.

¹ <https://www.cbpp.org/research/state-budget-and-tax/raising-state-income-tax-rates-at-the-top-a-sensible-way-to-fund-key>

² <https://www.cbpp.org/research/state-budget-and-tax/raising-state-income-tax-rates-at-the-top-a-sensible-way-to-fund-key>

Today, we have an opportunity before us to stand strong with working families and small businesses. LD 1089 will take a step toward the fairer tax system that our hard-working Maine families have asked for and deserve to have.

Thank you for your time and consideration of this bill. I am happy to answer any questions you have.