MAINE AFL-CIO

A Union of Unions Standing for Maine Workers

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Testimony of Adam Goode, Maine AFL-CIO Legislative & Political Director, In Support of 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 $1,000,000"

Senator Grohoski, Representative Cloutier and members of the Joint Standing Committee on Taxation, my name is Adam Goode. I am the Legislative & Political Director of the Maine AFL-CIO. We represent 40,000 working people in the state of Maine. We work to improve the lives and working conditions of our members and all working people. We testify in support of LD 1089.

We are providing testimony in support of LD 1089 and any effort to enact a Millionaire's tax because of the need for revenue to provide quality public services. We are currently falling short when it comes to working families who struggle with soaring costs while giving wealthy people and multinational corporations a pass.

This bill creates an income tax surcharge of 4% on income above $1,000,000 to fund public Pre-K-12 education.

The wealthy should pay their fair share. Right now, Maine's tax code treats someone earning over $61,600 the same as a millionaire. That's absurd. Someone making over $1 million should pay a higher rate than a plumber, a nurse or a firefighter.

A millionaire's tax would only affect the ultra-rich. Less than 1% of Mainers make over $1 million per year. If you don't make over $1 million dollars a year, this won't change your taxes at all. The ultra-wealthy have seen their taxes go down at the state and federal level, as the LePage and Trump tax cuts overwhelmingly benefited those at the top.

Workers in the United States now work more hours per year than any other industrialized country. Despite working more hours than ever, working people are not reaping the benefits of their labor. Up until the early 1970s it was normal that working people would share in profits when they increased their productivity.

We see no need for workers to struggle given that for the last three decades, the net worth of the wealthiest 1% of Americans grew by $21 trillion, while that of the bottom 50% dropped by $900 billion. The bottom 50% of American households owns just 2% of the nation's wealth.[1,2]

We are faced with a serious challenge, a projected budget shortfall combined with uncertainty around federal funding for programs like Medicaid and Medicare. At town halls, in meetings, and now in your committee, working families are calling for bold action to raise new revenue from those who can afford it, and urging you not to balance the budget on the backs of workers or strip communities of critical services.

We know services are on the chopping block. The biennial budget proposed cutting $30 million from childcare worker stipends. The cost and access issues in child care are consistently brought up as a barrier for working class people to balance work and family. These cuts reduce the average earnings for nearly 7,500 child care workers by $4,000 over two years and are combined with a $7 million reduction in Head Start funding and the cancelling of a $5 million scholarship program that helps child care workers pay for care for their own children. The Child Care Affordability Program has a waitlist for enrollment despite the $10.2 million you dedicated towards expanding the program for FY 25.

Issues like this could easily be addressed if the legislature asked wealthy individuals and corporations to pay their fair share. These cuts and missed opportunities are not due to lack of funding. They are a matter of policy choices. This is one of many bills before you this session that would raise sufficient revenue by creating a "millionaire's tax" to raise over $200 million next biennium, raising the real estate transfer tax on higher priced homes and increasing taxes on capital gains for wealthy individuals.

The wealthiest 1% in Maine pay a smaller percentage of their income in state and local taxes than the working class.[3] It is simply not right that a millionaire is in the same top income tax bracket as a nurse or a plumber.[4] We need to stop favoring the wealthy by giving them preferential tax treatment and use that revenue to support making it easier for working people to get by.

We pay taxes for critical services that benefit all of us. The revenues we raise through taxes ideally would provide the conditions for Maine communities to be places where working class people can live, work, raise our families and, someday, retire with dignity in our own homes. This can be accomplished by ensuring that those who have benefited the most in this economy make tax contributions toward public investments that pay it forward for future generations of Maine workers, families and retirees. Maine's current tax structure is imbalanced as a direct result of the 2011 income tax cuts that primarily benefited the wealthy. That is where shortfalls come from – not federal funds or overspending.

Making a higher tax rate for millionaires would raise over $100 million per year. Massachusetts, New Jersey, and California have millionaire's taxes. Wealthy people didn't move away – they kept investing, and their states gained funding for education, healthcare, and infrastructure. Maine can do the same, without hurting job growth or small businesses.

We look forward to working with legislators to advance proposals that help workers and address income inequality through a fairer and more sustainable tax system that brings in robust revenues and avoids cuts in the future.

[1]https://www.peoplespolicyproject.org/2019/06/14/top-1-up-21-trillion-bottom-50-down-900-billion/
[2]https://www.peoplespolicyproject.org/2023/10/23/wealth-distribution-in-2022/
[3]https://itep.org/whopays/maine-who-pays-7th-edition/
[4]https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/ind_tax_rate_sched_2025.pdf