

Testimony of Beth White
Maine Service Employees Association, SEIU Local 1989
Before the Joint Standing Committee on Taxation
10am Wednesday, March 26, 2025
State House Room 127 and Electronically

LD 1047, An Act to Impose an Additional Tax on Certain Unearned Income
Sponsored by Rep. Grayson Lookner

and

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
Sponsored by Rep. Cheryl Golek

Senator Grohoski, Representative Cloutier, and members of the Committee on Taxation, I'm Beth White, Director of Politics and Legislation for the Maine Service Employees Association, Local 1989 of the Service Employees International Union. We are a labor union representing over 13,000 Maine workers, including workers in all three branches of State Government, quasi-state agencies including the Maine Community College System and Maine Maritime Academy, a variety of municipal and county governments, and non-profit organizations.

We're here today in support of LD 1047, An Act to Impose an Additional Tax on Certain Unearned Income and 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.

As a union that represents thousands of public sector workers and workers who rely on public sector funding, we support efforts to ensure our state has stable and equitable sources of revenue. Too often, when we face revenue shortfalls, state employees and working families are expected to bear the burden of bridging the shortfall between projected revenues and projected spending levels in biennial budgets. We've seen huge, devastating cuts to our members' pensions in order to provide tax breaks for the wealthiest Mainers; our members are still suffering under those cuts. Those tax breaks for the wealthy are still in statute today. We've seen furlough days, merit pay freezes, hiring freezes, and other harms to state government employees to balance past budgets.

The proper path forward is to raise revenue by shifting the responsibility for funding budget priorities from the working class and the middle class to the wealthy Mainers who reap economic benefit from our economy. Both LD 1047 and LD 1089 would be positive steps towards ensuring that the wealthiest Mainers are paying their fair share.

Representative Golek's bill, LD 1089, would create a surcharge of 4% on income over one million dollars, and would direct the funds that would come from this surcharge to fund our schools. Maine's tax code currently treats someone earning \$61,600 the same as a millionaire; raising taxes on the top 1% will make Maine's tax system fairer and more equitable. This revenue stream would not only help guarantee our schools are funded, but it would also free up other funds to meet unmet

needs, such as undoing the 2011 pension cuts or closing the state employee pay gap and fully funding the essential state services that Mainers rely on. These understaffed and underfunded services help support Mainers with mental health needs, provide early intervention for children with disabilities, keep our state parks open, protect our natural resources, ensure children are safe, dispatch 911 calls, plow and maintain our roads, and so much more.

Representative Lookner's bill, LD 1047, would add a 4% surcharge on annual capital gains income over \$250,000 for individuals and \$500,000 for married couples. It's estimated that taxing this unearned income as proposed in LD 1047 would raise over \$100 million a year. With a challenging budget cycle upon us, the revenue brought in by LD 1047 could prevent harmful budget cuts that would harm working families.

Tax structures that favor the wealthy unfairly shift the revenue burden to workers and small businesses, making it harder for our communities to thrive. Maine's tax code should ask more of those who benefit the most from our economy, not of working people and the most vulnerable who are already struggling, especially in this current economic climate. We urge you to support increasing revenue as proposed in LD 1089 and LD 1047, rather than continuing with the status quo.

Thank you and I would be happy to answer any questions.