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STATE OF MAINE  
DEPARTMENT OF ECONOMIC  
AND COMMUNITY DEVELOPMENT



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COMMISSIONER

May 6, 2025

Testimony In Opposition of Part B

**LD 1857 An Act to Expand Property Tax Relief for Veterans and  
Their Survivors and to Modify Certain Corporate Tax Expenditures**

Senator Grohoski, Representative Cloutier and members of the Committee on Taxation, my name is Maureen Terry and I am the legislative liaison for the Department of Economic and Community Development (DECD) and I am here to present testimony in opposition to the funding mechanism for LD 1857, An Act to Expand Property Tax Relief for Veterans and their Survivors and to Modify Certain Corporate Tax Expenditures.

Thank you for the opportunity to testify today. DECD's opposition is not to the intent of Part A, but rather to the funding mechanism proposed in Part B. While honoring veterans is a commendable and necessary objective, it must not come at the cost of undermining Maine's long-term economic health.

Part B of the proposal threatens to destabilize several key economic incentives and investment tools, including:

1. The Maine Seed Capital Tax Credit Program: This is a cornerstone program for early-stage business development and job creation in Maine. Reducing the allowable tax credits from \$15 million to \$10 million in 2026 will diminish investment in local startups and curtail innovation. This rollback comes at a critical time when Maine's entrepreneurs face heightened capital challenges amid rising borrowing costs and national investment uncertainty and slowdowns.
2. The Elimination of the Business Headquarters Expansion Credit: This credit was designed to attract and retain major employers in Maine. This credit has already spurred \$35M in capital investment and encouraged hiring 325 new employees, so far, who's average wage is \$83K per year with full benefits and retirement packages.
3. The Repeal of Smaller but Symbolic Incentives: Ending tax exemptions for items like parts and supplies for windjammers – while fiscally small – undermines niche sectors that contribute to Maine's cultural identity and tourism industry. A reminder: Maine's tourism sector has an over \$16M dollar impact on the Maine



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economy based on the partnerships that are created through support of the industry as a whole.

There is no dispute that Maine should support its veterans — especially those living with service-connected disabilities. But the cost of doing so must not be funded by weakening our economic foundation. If we are serious about both caring for veterans *and* growing Maine's economy, we must find sustainable revenue sources that do not undercut the very programs designed to keep our workforce growing, our businesses competitive, and our economy resilient.

Therefore, I urge the committee to decouple Part A from Part B and consider alternative funding mechanisms — such as a phased implementation of exemptions or modest increases proposed by the Governors budget document and some of the ideas that have been heard and will be heard in this committee.

Thank you for your time and thoughtful consideration.