Maine Center for Economic Policy

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Testimony in Support of LD 1857, An Act to Expand Property Tax Relief for Veterans and Their Survivors and to Modify Certain Corporate Tax Expenditures

May 6, 2025

Sen. Grohoski, Rep. Cloutier, and members of the Taxation Committee, my name is Maura Pillsbury and I am a policy analyst at Maine Center for Economic Policy. We are testifying in support of LD 1857.

LD 1857 makes changes to the eligibility for property tax benefits for military veterans, including:

- reduces exemption from $6,000 to $5,000 for veterans under 62
- maintains $6,000 exemption for veterans over 62, and $7,000 for veterans serving during or before World War I
- expands eligibility to all veterans by eliminating the requirement for service during a federally recognized war period
- maintains the benefit to veteran's survivors
- provides an exemption of $10,000 to $50,000 for disabled veterans

The bill eliminates the following tax expenditures:

- Qualified professional baseball facilities
- Major business headquarters expansion
- Discounted rate on cigarette stamps for licensed distributors
- Refund on sales tax on purchases of parts and supplies for windjammers

The bill also decreases the Seed Capital Tax Credit from $15,000,000 to $10,000,000 in 2026.

Maine is facing difficult budget decisions. AFA is considering cuts to a number of programs that would have a devastating impact on vulnerable Mainers, including cuts to MaineCare, child care subsidies, head start, and SNAP. It's unfair to ask vulnerable and working Mainers to tighten their belts while not asking the same from corporations.

We urge the Committee to put forward a version of this bill that scales back tax expenditure programs to give the State a possible additional source of revenue to balance the budget.

Thank you for your time. I would be happy to answer any questions. maura@mecep.org

MECEP

Are tax giveaways worth the money?

Business incentives shouldn't go to massive corporations, but instead to supporting Maine people and small businesses.

Maine forgoes billions of dollars in tax collections each year by giving out tax breaks. These "tax giveaways" are costly and sometimes poorly targeted to achieve intended outcomes. When Maine chooses to invest in unproven tax breaks, we lose revenue that could be better spent to strengthen Maine's workforce and grow our economy.

Instead of funneling money into unproven tax giveaways, the state should invest funds in programs including housing, child care, and paid leave that will improve economic opportunities for all Mainers, advance equity, and allow people to fully participate in the workforce.

Did you know?

- Tax giveaways cost Maine billions of dollars each year
- Outcomes and impacts of Maine tax giveaways are often unclear
- Research shows business tax giveaways aren't worth it
- Business tax giveaways shift costs onto Maine taxpayers
- Unproven tax giveaways take money from other important priorities
- Giving money to powerful corporations perpetuates wealth inequality and structural racism

Solutions

- Make data on business tax giveaways transparent and accessible to the public. Data challenges make it difficult to draw conclusions about Maine's programs and their effectiveness. Without this information, we're in the dark about whether money the state is giving away could be better spent elsewhere — including proven ways to achieve the outcomes tax giveaways often promise but don't deliver.
- Ensure businesses receiving tax breaks fulfill expected outcomes.
- End unproven tax expenditures and dedicate resources to evidence-based policies and programs. These include programs such as the child tax credit; policies that advance equity and address barriers for women and people of color, and others traditionally left out, such as paid family leave and criminal justice reform; supports Mainers need to fully participate in the workforce, such as child care and housing; job and skills training; and programs supporting entrepreneurship and innovation.

Supporting tax giveaway programs in hopes they will solve the challenges facing an industry or Maine's economy is putting a band-aid on a problem, rather than finding solutions at a deeper systemic level.

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