

**Testimony in Support of LD 1617, An Act to Lower the Exclusion Amount for the Estate Tax and Create an Exclusion for Family Farms and Aquaculture, Fishing and Wood Harvesting Businesses**

5/16/25

Sen. Grohoski, Rep. Cloutier, and members of the Taxation Committee, my name is Maura Pillsbury and I am a tax policy analyst at Maine Center for Economic Policy. We are testifying in support of LD 1617. LD 1617 lowers the amount of income excluded from the estate tax from \$7 million in current law to \$1 million. This tax will not impact most Mainers. The bill excludes an additional \$3.8 million from taxation for inherited family farms and heritage industries.

**Estate Tax – current vs. proposed<sup>i</sup>**

Rate	Current	Proposed – all other	Proposed – heritage industries & family farms
0%	\$0 - \$7m	\$0 - \$1m	\$0 - \$4.8m
8%	\$7m - \$10m	\$1m - \$10m	\$4.8m - \$10m
10%	\$10m - \$13m	\$10m - \$13m	\$10m - \$13m
12%	\$13m+	\$13m+	\$13m+

The estate tax is tax owed on inherited wealth passed on after death. It affects only the very wealthiest Maine estates, making it one of the state's most progressive tax sources. Yet since 2012, Maine has weakened its estate tax through several rounds of cuts that reduced revenue and fueled wealth disparities.<sup>ii</sup> Those cuts were achieved by increasing the amount of wealth that can be passed on tax free. Before the cuts, estate tax was assessed on estates worth more than \$1 million. Today, estates worth up to \$7 million pay no estate tax at all.

Proponents of Maine's current estate tax excluding \$7 million from any tax at all have argued it protects the inheritance of family farms, but this is not borne out by the data. In 2022, Maine farms had an average value of \$750,000 (including land, buildings, machinery, and equipment). This bill includes an additional, higher threshold for family farms to further ensure very few are impacted.

Maine can strengthen its estate tax and raise much needed revenue by restoring a lower threshold for the estate tax.

Thank you for your time. I would be happy to answer any questions. [maura@mecep.org](mailto:maura@mecep.org)

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<sup>i</sup> Maine Revenue Services, 2025 Estate Tax rates <https://www.maine.gov/revenue/taxes/income-estate-tax/estate-tax-706me>

<sup>ii</sup> Sarah Austin, "Strengthening Maine's estate tax would help tackle wealth inequality." Maine Center for Economic Policy. 27 Feb 2020. <https://www.mecep.org/wp-content/uploads/2020/02/MECEP-Estate-Tax-Brief-February-2020.pdf>