

Testimony in Support of LD 1879, An Act to Support Maine's Agricultural Economy by Increasing Revenue from the Corporate Income Tax and Providing Property Tax Exemptions

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 1879. LD 1879 would increase the top corporate tax rate on income over \$3.5 million from 8.93% to 10% in order to raise money to support agricultural programs. By raising the top corporate income tax rate, Maine can generate much-needed revenue without affecting the smallest Maine businesses and start-ups. This bill would only affect the largest, most profitable corporations.

Maine has one of the lowest corporate income tax rates in the country on the first \$350,000 of income at 3.5%. All businesses, regardless of their total profit, pay this lower rate on the first \$350,000 of their income. Many other states have higher flat corporate income tax rates from 4% to 9%.¹ Maine's corporate tax rate is fairer and more progressive because it increases as earnings increase. Yet even the largest, most profitable corporations pay the lower, graduated rates on their income below \$3.5 million.

Corporate tax rate	Taxable profit
3.50%	\$0 - \$350,000
7.93%	\$350,000 - \$1,050,000
8.33%	\$1,050,000 - \$3,500,000
8.93%	\$3,500,000 and higher

Corporate profits in the US have hit record highs since the COVID-19 pandemic. Meanwhile, big multinational corporations continue to take advantage of loopholes and accounting schemes, like sheltering profits in offshore tax havens, to avoid paying taxes. Federal cuts to the IRS mean there will be few resources to enforce against this. All of this has happened while prices for consumers have skyrocketed.

Mainers deserve a fair tax code that asks more of wealthy corporations who depend on Maine's consumers, workers, and infrastructure to succeed.

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

¹ <https://taxfoundation.org/data/all/state/state-corporate-income-tax-rates-brackets/>