



Maine People's Alliance

Senator Rotundo, Representative Gattine, Senator Grohoski, Representative Sayre, and Honorable members of the Joint Standing Committees on Appropriations and Financial Affairs and Taxation, My name is Gus Dunn-Hindle, and I am the legislative strategist for Maine People's Alliance, speaking on behalf of our 32,000 members across the state of Maine.

I am here to testify neither for nor against LD 2212.

Tax Policy Items MPA Supports

We support LD 2212's conformity provision to expand Maine's standard deduction. We were also happy to see that the majority of HR1's corporate tax cuts have not been included in the proposed budget, and hope that the legislature continues to reject calls for conformity.

Tax Policy Items MPA Opposes

We are opposed to the inclusion of Research and Development credits for large businesses which would be, in some cases, retroactive. As currently written, large businesses would benefit most from those credits, and the retroactive tax cuts would do nothing to incentivize investment. We would advise those Research and Development credits to be limited to small businesses, and not be extended retroactively. The \$17 million that would be spent on these cuts would be much better invested in fully funding our existing Child Care Affordability Program (CCAP) to support more than 1,000 children currently on the waitlist; a cost of about \$15 million. Given that the state loses \$400 million in economic activity, wages, and revenue to our failing childcare market, funding childcare would be a better investment for Maine's future.¹

The proposed budget includes \$218 million from the rainy-day fund for one-time \$300 checks. \$218 million is notably close to the amount it would take to fully fund LD 2208, an effort to prevent federal funding cuts from decimating Maine's healthcare infrastructure. Healthcare is lifechanging. For most people, \$300 is not. The rainy day fund should be used for truly impactful interventions like funding LD 2208.

MPA's Priority: Tax Fairness

The real problem with the proposed budget is what it's missing. There is no provision to raise sustainable, long-term revenue to weather extreme federal funding cuts and fund services that all Mainers can rely on. Even before federal cuts, Mainers, and many of our members, have been facing housing, health care, and child care markets that have failed to meet their needs. One in

¹<https://htv-prod-media.s3.amazonaws.com/files/122-billion-the-growing-annual-cost-of-the-infant-toddler-child-care-crisis-647dd6e295d43.pdf>

four Mainers live in a childcare desert, and many more struggle to pay its exorbitant cost.² Health care is becoming increasingly expensive, as is housing. The market has failed to meet these needs, and we need to build towards universal services that succeed.

We are asking that the Taxation Committee and the Appropriations and Financial Affairs Committee reject calls for further conformity with HR1's corporate tax giveaways, and incorporate measures to raise revenue from those wealthy individuals and corporations who are most able to pay. LD 1089 would charge a 2% tax on individual income over \$1 million per year to fund education. LD 1879 would charge a 1.07% tax on corporate income over \$3.5 million per year to fund agriculture. LD 229 would create new tax brackets and lower taxes for the brackets most Mainers fall into. These policies, or better, should be incorporated into the final budget to create long-term revenue to fund universal programs.

By raising this revenue, we can rectify a system that asks the least from those most able to contribute, and build towards actually meeting people's needs for functioning health care, child care, housing, and education.

Meeting these needs through taxes on the wealthiest individuals and corporations would be a huge boost for Maine's economy. When money is locked up with a few wealthy individuals, it creates a bottleneck for economic activity. On the other hand, investing in services everyone uses frees up more money to be spent in the economy. Across history and across US States, higher top tax rates correlate with better economic growth, and much greater prosperity for working people.³ In the private sector, prudent investment draws in more wealth. You have to spend money to make money. This is also true for the public sector. What the economy really needs is people who are able to contribute because they're healthy, they have stable housing, their kids are taken care of, and they've been prepared by high-quality education. When we tax the wealthiest and invest in universal services, like childcare, healthcare, and housing, we create the infrastructure for a thriving economy.

States like Massachusetts, which adopted a 4% tax on individual income over \$1 million a year, were able to effectively fund education and transportation, *and* saw an increase in the net worth of the wealthiest people in the state.⁴ People move to a place for good schools, safe neighborhoods, and beautiful landscapes. We've got the beautiful landscapes, now we need to fund the universal services that can allow for the rest.

This goes to show that there's plenty to go around. In 2024, Maine's economy had \$95.7 billion in personal income,⁵ and the top 20% of households had over 55% of net income. There's enough money, it's just a question of who has it.⁶ If we raise revenue from those most able to pay, we can

²<https://strongnation.s3.amazonaws.com/documents/1646/3097bc0d-bb8f-4433-8ad7-1c0f97f1f317.pdf?1681153184&inline:=%20filename=%22The%20Growing.%20Annual%20Cost%20of%20the%20Infant-Toddler%20Child%20Care%20Crisis%20in%20Maine.pdf%22>

³<https://equitablegrowth.org/the-relationship-between-taxation-and-u-s-economic-growth/>

⁴<https://ips-dc.org/report-wealth-expands-after-higher-state-taxes-on-high-income-earners/>

⁵<https://www.maine.gov/dafs/economist/sites/maine.gov.dafs.economist/files/releases/2024%20Year%20in%20Review.pdf>

⁶<https://www.maine.gov/dafs/economist/news/dec-16-25/distribution-personal-income-maine-part-1>

work to guarantee people's rights to health care, housing, child care, and education, *and* build a thriving economy. In fact, it's the only way we can.

As such, we are asking the honorable members of these committees to reject conformity with corporate tax cuts, and include tax policies in the final budget to respond to federal funding cuts, and pave the way for a future where everyone has what they need, contributes what they can, and no one is left behind. Maine isn't made strong by a few coastal mansions or out of state corporations. It's made strong by its people. These tax policies would be an investment in Maine's people. Thank you very much.

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