



February 6, 2025

**Testimony In Support Of
LD 195, An Act to Create the Small Business Capital Savings Account Program**

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Senator Curry, Representative Gere, and Honorable Members of the Housing and Economic Development Committee,

My name is Alexander Price, and I am here to testify in support of LD 195 on behalf of the Maine Jobs Council, which is a statewide, nonpartisan, member-driven advocacy organization that advances public policies to support the creation and preservation of foundational jobs in Maine. The Maine Jobs Council supports LD 195 because it would promote the growth and maintenance of foundational jobs in Maine's farming, fishing, and forestry industries at a time when many of the businesses in those industries are struggling to compete. In fact, as discussed later in our testimony, we would encourage the committee to expand the bill to include more industries and more businesses, and to require an earlier reporting date.

A recent assessment of the competitiveness of Maine's statewide economy by the Porter Development Initiative (PDI) found that Maine is not attracting new employment at the same rates as other areas of the U.S. and that existing firms in Maine are not achieving the high levels of productivity that would support increasing wage levels for employees. PDI's research revealed that we are among the least productive states in the nation, despite high levels of labor force participation among working-age Mainers; we create fewer jobs, attract less investment, and start fewer businesses than most other states; our worker wages are low and contrast with higher cost burdens; and we lack many of the hallmarks of a competitive location for business. Additionally, here are a few other statistics to show how Maine ranks among the 50 states:

- Maine ranks #42 (9th worst) for overall economy.
- Maine ranks #43 (8th worst) for business environment.
- Maine ranks #39 (12th worst) for top states for businesses.
- Maine ranks #43 (8th worst) for venture capital investment.
- Maine ranks 3rd highest for overall tax burden.
- Maine ranks 10th highest in individual income tax rates.
- Maine ranks 5th highest in corporate income tax rates.

The reason to highlight this data is to show some of the complex issues we have as a state. Maine's overall economy, business environment, and access to capital for businesses all rank in the bottom 10 in the nation, yet our overall tax burden and corporate tax rate are among the highest in the nation. Maine needs to start taking a more comprehensive look at how workforce challenges, taxes, regulations, infrastructure, and other issues act as a barrier to job creation in our state. If Maine is not a competitive and productive place for businesses, workers, and families, its economic plans and efforts will falter. Maine needs to develop a comprehensive, integrated, and strategic plan that focuses legislation, regulation, and public policy on talent attraction, investment, and job creation.

Foundational jobs exist in industries such as farming, fishing, and forestry, as well as manufacturing, construction, transportation, energy, hospitality, and tourism. These jobs add value, create wealth, and pay for service and public sector jobs. This bill would allow small businesses in the farming, fishing, and forestry industries to claim a tax deduction for contributions made to qualifying small business capital savings accounts to be used for capital expenditures, providing them with financial stability, a tool to invest in their business, and the ability to overcome economic and environmental challenges. This bill would make Maine more competitive with other states and make it more likely that workers will move to or stay in Maine. Maine is not the only safe, rural state in the nation. If we continue to tax our workers and businesses at such high rates, individuals and businesses looking to relocate to Maine may look elsewhere, while individuals and businesses in Maine may consider moving away. Maine could be a destination state and that is a better way to grow the tax base.

To conclude, while we believe this bill provides a good start in creating and preserving foundational jobs in Maine, we would encourage the committee to expand the bill to cover more industries, including manufacturing, construction, transportation, energy, hospitality, and tourism, and to allow more than 10 businesses in each industry to participate in the program. If Maine hopes to improve its competitive standing and chances to attract foundational jobs and investment, we need to support all of our working people and businesses. There is no substitute for a good job and those jobs come from businesses that compete successfully to provide goods and services. Finally, we would encourage the committee to require an earlier reporting date, perhaps in one year, so that we can assess the effectiveness of the program and make an informed decision on whether to expand the program sooner.

The MJC thanks the committee for its time and consideration of this issue, and we would welcome any opportunity to discuss it with you.

Thank you,

Alexander Price, Pierce Atwood
On behalf of the Maine Jobs Council