

The Consequences of Maine's Income Tax Cuts

Maine Center for Economic Policy

Press Conference

Introductory Remarks by Garrett Martin

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Good morning.

My name is Garrett Martin, Executive Director of the Maine Center for Economic Policy. Today, I am here to share the findings of a new report from the Maine Center for Economic Policy. MECEP's report, *The Consequences of Maine's Income Tax Cuts*, depicts the "Great Tax Shift" that is occurring as a result of recent tax cuts approved by Governor LePage and the 125th Legislature.

The income, pension, and estate tax cuts approved by the governor and legislature transfer tens of millions of dollars to the richest Mainers and blow a gaping hole in the state budget. This shrinks property tax relief for low- and middle-income Mainers and shifts costs by providing less money to towns and cities for basic services like fire and police protection and by shortchanging our local public schools. The options for municipalities and schools are limited: cut jobs and services, deplete reserves, or raise property taxes.

MECEP estimates that the tax shifts will result in higher property taxes for many low- and middle-income Mainers. By comparing the cost of property tax increases to the benefits of the 2011 income tax cut, MECEP projects that 270,000 families – 40% of Maine's taxpayers – will see an increase in their total state and local tax bill. These are low- and lower middle-income families who can least afford to pay more taxes. These tax shifts will make an already unfair state and local tax system even worse. Maine Revenue Services data shows that per dollar of income, poor families pay 70% more in state and local taxes than wealthy families.

This is the wrong direction for Maine. Nothing is more important for our state now than creating good jobs and building a strong economy. We can't cut our way to prosperity. Giving tax breaks to high income earners while shortchanging local governments, low- and middle-income families, schools, and communities gets us nowhere. Instead of cutting taxes to benefit the wealthy, we need to move toward a fair tax system and invest more in Maine people and communities. Only then can we achieve the vision of shared prosperity for all Maine people.

This morning I'm delighted to be joined by three people well-positioned to talk about various aspects of MECEP's report and the implications of the Great Tax Shift.

Karen Heck is the mayor of Waterville and a tireless champion for a healthier Maine as a program officer at the Bingham Program. Mayor Heck will talk about the implications of the Great Tax Shift on her community.

Lois Kilby-Chesley is the current president of the Maine Education Association. She is also an accomplished teacher and gets rave reviews from students and parents alike who affectionately refer to her as Ms. K-C. One parent wrote on rate my teachers.com that Ms. Kilby-Chesley is

“the best teacher my child has ever had.” Ms. Kilby-Chesley will talk about the implications of the Great Tax Shift on schools.

Jim Amaral is the founder of Borealis Breads, a leader in using Maine grown grains to produce good bread and good food. Mr. Amaral will talk about the implications of tax shifts for his family and for his small business.