LD 1864, An Act To Establish Universal Home Care for Seniors and Persons with Disabilities, will now appear on Maine’s 2018 November referendum ballot, and its fate is up to registered Maine voters. The ballot question would impose a new tax of 3.8% on all income that either individuals or households earn above $128,000 (the amount subject to Social Security employment taxes) to provide Universal Home Health Care to all of Maine’s residents who are either over age 65 or disabled.

The Maine State Chamber strongly opposes this citizen’s initiative for a number of reasons, including the following:

- The Universal Home Care proposal includes a new 3.8% tax that will make it much more difficult for HR professionals to attract and retain top talent. The new 3.8% tax will be on top of Maine’s existing 7.15% rate, for a total income tax rate of 10.95%.

- Maine’s new top tax rate of 10.95% will apply to wages and other income above $128,400. Only California and Hawaii have higher rates, and both California and Hawaii’s highest rates kick in at much higher income levels. (California’s top rate kicks in at $1 million of income, and Hawaii’s top rate kicks in at $400,000 of income.)

- Florida and New Hampshire, two states with which Maine often competes, have zero income tax on wages.

- Maine’s highest rate would be much higher than all of our New England neighbors: Connecticut’s top rate is 6.99%; Massachusetts is 5.1%; Rhode Island is 5.99%; and, Vermont is 8.95%. New Hampshire does not tax wages at all and has a 5% tax on interest and dividends.

- Having the highest income tax rate in the country for certain levels of income means that businesses will have to pay more to attract top talent, if such people are willing to come to Maine at all!

- Applies the tax to individuals, families, businesses and employers.

- Applies the tax to all sources of income, including, wages, social security and pension income, farm and fishing income, and even alimony and unemployment compensation – everything that is “adjusted gross income.”