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STATEWIDE COALITION OF MAINE BUSINESSES URGES REPEAL OF 3% TAX SURCHARGE

Tax would have many far-reaching and negative impacts on Maine's economy and competitiveness

PORTLAND, ME – A statewide, bi-partisan coalition of Maine businesses called “Keep Maine Competitive” today urged Maine legislators to repeal, through the state budget process, the recently-passed three percent tax surcharge on businesses and families. While Maine businesses believe all state public schools need to be adequately funded, this tax would have many far-reaching and negative impacts on Maine’s economy and competitiveness.

The tax, which would raise an estimated \$157 million from families and businesses earning more than \$200,000 annually, would make Maine the second-highest marginal tax rate state in the country with a rate over 10 percent. Not only does the tax target small business owners, but it would make it harder for Maine to attract professionals and entrepreneurs and retain successful businesses and professionals. It would have a detrimental effect on Maine’s economy, and make it more difficult for Maine to compete economically with other states.

“‘Keep Maine Competitive’ believes all of Maine’s public schools need to be adequately funded, but we must make sure we do so in a way that does not harm our state’s economy, impact our ability to compete, make Maine less attractive to professionals and new business, or put an unfair burden on so many of our state’s small and family-owned businesses,” said Maine State Chamber of Commerce President Dana Connors. “We urge Maine lawmakers to repeal this new tax, as a competitive business climate is critical for economic growth in Maine.”

“While the intent of the tax is well-meaning, if enacted, it would have many far-reaching and negative effects on Maine’s already fragile economy,” said Peter Anastos, co-founder and principal of Maine Course Hospitality Group. “Maine students deserve a growing, thriving economy with good jobs waiting for them when they graduate and are looking to start their careers, but this tax would have the opposite effect by weakening our economy and undermining our ability to raise necessary revenues for effective investments in education.”

The three percent tax surcharge would apply to Maine businesses that pass their income through the owner’s individual income tax form, including sub-chapter S corporations, Limited Liability Partnerships, and other pass-through entities. It would apply to individuals and joint filers, reinstates the marriage penalty, and two-thirds of taxpayers targeted by this extra income tax are small business owners. It would make Maine the second highest marginal tax rate state in the country after California, making our state even more of an outlier, and creating more disincentives to start, grow, or keep businesses – and jobs -- in Maine.

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