

# MAINERS for TAX FAIRNESS

[mainersfortaxfairness.org](http://mainersfortaxfairness.org)

## **LD 570: An Act to Provide Fairness in the Taxation of Extraordinary and Unearned Income**

Most working people in Maine get most of their income from wages. But those at the top often earn money in a different way. Oftentimes, they have *unearned income*, from things like capital gains or dividends.

Today, our tax system treats that income the same way as it treats wages, even though it's not the same as money you have to work to earn.

LD 570 would create a 3 percent tax surcharge on income from capital gains or dividends over \$250,000 for individuals and \$500,000 for married couples.

### **What are Capital Gains and Dividends?**

Capital gains are the income generated from selling assets that have become more valuable over time, such as vacation homes or other investment properties, high-value art collections, and stocks.

Dividends are the annual or quarterly payouts from stocks or other investments.

### **The Unearned Income Surcharge Affects Only the Top 1%**

Most families have only one asset that could appreciate in value enough to even approach the threshold of the unearned income surcharge proposed by LD 570: Their home.

The capital gains surcharge would hold most families harmless, even if their homes had grown in value. That's because federal and state tax law exempts up to \$250,000 of capital gains from the sale of a primary residence for single filers, and up to \$500,000 for joint filers.

# MAINERS for TAX FAIRNESS

## Taxing the Unearned Income of the Top 1% will Help Fund Maine's Economic Recovery

The wealthiest Mainers have prospered even during the global pandemic, while working Mainers have lost their jobs and endured extreme hardship. And even before COVID, those at the top paid lower overall tax rates than middle-class families.

Taxing the unearned income of the top 1 percent would make our tax code fairer. It would raise tens of millions of dollars a year that could go to addressing the current crisis and funding much-needed investments in things like education, health care, infrastructure, and critical services that will help ensure our long-term recovery is shared by all Mainers. That will help build stronger communities and a fairer economy for everyone for years to come.

### **About Mainers for Tax Fairness:**

*Mainers for Tax Fairness is a coalition dedicated to cleaning up Maine's tax code to fund investments to build thriving communities. The coalition represents teachers, health care providers, policy experts, workers, small business owners, advocates for children and families with low incomes, and other groups fighting to improve tax fairness and build a stronger, more inclusive economy for all Mainers. Learn more at [mainersfortaxfairness.org](https://mainersfortaxfairness.org).*