

MAINERS for TAX FAIRNESS

MainersForTaxFairness.org

LD 1879: An Act to Support Maine's Agricultural Economy by Increasing Revenue from the Corporate Income Tax

What is this bill?

LD 1879 would raise the income tax on large, profitable corporations to support Maine's agricultural economy. Maine's top tax rate on corporations doesn't kick in until a company has amassed \$3.5 million in profits. This bill would raise the tax rate on profits above that level from 8.93% to 10%. That change would raise \$50 million per year that Maine could use to make investments that help all Mainers thrive.

Background

Maine cut corporate income taxes in 2018, taking resources away from vital investments like health care, education, workforce development, and infrastructure. Meanwhile the federal government slashed corporate income taxes from 35% to 21% under the Tax Cuts and Jobs Act. Research shows most of that money didn't trickle down to workers — it further enriched those already at the top. This bill ensures that the biggest corporations are paying more to support investments that help build strong communities and shared prosperity.

Maine families have done their part — it's time for big corporations to do theirs

Mainers have sacrificed and put themselves on the line to help their families and their communities through the pandemic and economic health crisis. For some of us, that means working on the frontlines, teaching students remotely, stocking shelves, or making deliveries to people's homes.

Still, many Mainers are experiencing real hardship — unemployment, hunger, housing insecurity — while big corporations like Amazon, Walmart, Microsoft, Apple, and big food producers have seen their profits soar. Many of these big corporations have even laid off workers as they lobbied for big tax breaks from Congress. Many of these corporations also benefit from tax loopholes in Maine's own tax code. 60% of corporations paid \$0 in income taxes in Maine in 2022.

Mainers have done their part. These profitable corporations, those that have profited even during a global pandemic, should pitch in more to help Maine rebuild and invest in the families that have been hurt most.

This bill doesn't affect most Maine-made businesses

The top corporate income tax rate is assessed on the profits of businesses organized as C-corporations making over \$3.5 million per year in profits, which represents a small share of businesses in Maine. Less than 10% of corporations in Maine have annual profits over \$3.5 million.

This bill keeps Maine competitive

Maine has one of the lowest bottom brackets in the country at 3.5%. All businesses, regardless of their total profit, pay this lower rate on their first \$350,000 of income. This bill keeps taxes low for small businesses while increasing the top tax rate on wealthy corporations. Raising the top tax rate still keeps Maine competitive with several other states that have a flat tax rate on all business income of 8% to 9%.

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. MainersForTaxFairness.org