

MAINERS for TAX FAIRNESS

mainersfortaxfairness.org

Senator Chipman, Representative Terry, and members of the Taxation Committee,

My name is Destie Hohman Sprague. I am the Executive Director of the Maine Women's Lobby, and I'm here representing Mainers for Tax Fairness. MFTF is a coalition of 22 organizations, including my own, that 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.

Mainers for Tax Fairness supports LD 1524, sponsored by Rep. Ben Collings, and LD 1704, sponsored by Assistant House Majority Leader Rep. Rachel Talbot Ross.

We know that when all of us contribute our fair share to society, we can do big things — including the ability to make economy-boosting investments that benefit all Mainers.

But we also know that our tax code has been manipulated over the years in ways that benefit a select, powerful few at the expense of everyone else. These tax cuts have reduced funds available for our communities and contributed to skyrocketing inequality. Massive carveouts in our estate tax are one of the best examples of this problem.

The estate tax is a highly targeted way to deliver on what progressive taxes are supposed to do: Ask those with the most means to contribute proportionally to their success, to pay it forward for future generations. But over the years, Maine's estate tax has been watered down again and again, allowing more and more wealth to accumulate at the top, tax-free.

Wealth inequality is growing fast, and more than half of all wealth is inherited, not earned. The status quo perpetuates inequality across generations, as the wealthiest families leverage their abundant resources to increase their share of the economic pie and pass their wealth on to their heirs.

This system also makes racial inequality worse. It perpetuates and exacerbates the legacy of discrimination and of racist policies such as redlining and segregation, which reduced the ability of people of color to accumulate wealth — and thus to pass that wealth on to their children. Today, white families are more than three times as likely as Black families to receive an inheritance, and when they do, the inheritance received by white families is almost triple what Black families receive.¹

Wealth taxes such as the estate tax are one of the most effective tools for addressing economic inequality.² But repeated policy decisions to weaken the estate tax have eroded that power.

After decades of estate tax cuts, today we're left with a weak tax that allows wealthy heirs to accumulate up to nearly \$6 million tax-free. The weakened estate tax helps the wealthiest families avoid

taxes, even as our communities and schools lack the resources they need to serve all Maine families well.

LDs 1524 and 1704 will strengthen this anti-inequality tool by rolling back those tax cuts. They will also help raise the resources necessary to make investments in housing, education, health care, and infrastructure — which make it possible for all Mainers to climb the economic ladder, *even if they don't have family wealth*.

A more effective wealth tax in the form of a stronger estate tax will help prevent runaway inequality across generations, while raising resources that can be invested in schools, health care, and other priorities that create opportunities for prosperity for low- and middle-income families.

Mainers for Tax Fairness urges you to support these efforts to strengthen Maine's estate tax — to roll back a tax cut for the wealthy that has exacerbated inequality across generations, and to fund investments that create opportunity and prosperity for *all* Mainers.

Thank you. I'd be happy to answer any questions.

About Mainers for Tax Fairness:

Mainers for Tax Fairness is a coalition dedicated to cleaning up Maine's tax code to fund investments that 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.

The Mainers for Tax Fairness coalition includes: Behavioral Health Community Collaborative, Cooperative Development Institute, Health Equity Alliance, Maine AFL-CIO, Maine Community Action Partnership, Maine Education Association, Maine Equal Justice, Maine Immigrants' Rights Coalition, New Ventures Maine/CA\$H Maine, Maine Women's Lobby, National Association of Social Workers Maine, Alliance for Addiction and Mental Health Services Maine, Maine Prisoner Advocacy Coalition, Maine Small Business Coalition, Maine Council on Aging, Maine Children's Alliance, Mainers for Working Families, Maine Center for Economic Policy/MECEP Action, Maine People's Alliance, Gateway Community Services Maine, Maine Service Employees Association SEIU Local 1989, and New Mainers Alliance.

¹ Jones, Janelle. "Receiving an inheritance helps white families more than black families." *Economic Policy Institute*. February 17, 2017. <https://www.epi.org/publication/receiving-an-inheritance-helps-white-families-more-than-black-families/>

² Austin, Sarah. "Strengthening Maine's Estate Tax Would Help Tackle Wealth Inequality." *Maine Center for Economic Policy*. February 27, 2020. <https://www.mecep.org/wp-content/uploads/2020/02/MECEP-Estate-Tax-Brief-February-2020.pdf>