



Testimony in Neither For Nor Against LD 1747: “An Act to Return the Sales Tax Rate to 5 Percent”

Senator Grohoski, Representative Perry, and the distinguished members of the Committee on Taxation, my name is Nick Murray and I serve as director of policy for Maine Policy Institute. We are a free market think tank, a nonpartisan, non-profit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to testify **neither for nor against LD 1747**.

As a share of income, Mainers pay the 3rd-most in the country in taxes.¹ By that same standard, Mainers pay the highest in property taxes than residents of any other state, on average.² In contrast, our sales tax burden is much lower compared to other states; the absence of local taxes aids that standing.³

The sales tax is considered the most regressive tax, since low-income earners must spend more of their income to survive. For lawmakers looking to provide relief predominantly to low-income earners, cutting the sales tax seems like a prudent move.

That said, we believe this moment in Maine state budget history calls for lasting and enduring income tax cuts. Revenue forecasts should be used to cut income taxes in order to set up the state for lasting growth.

Income taxes are different from any other tax. When the state taxes your income, it steals the direct fruits of your labor; it steals your time. And, Maine taxes income made up to \$100,000 more than any other state in New England. It's time to turn this ship around and begin to attract more middle-income and working-class people to live and build their lives here.

Basically, taxes should only be levied on the same dollar once. It is not right for the government to tax your earnings, before you even see them, then also tax you when you spend those earnings. Of course, it doesn't end there. The state also taxes your property after you've bought it, simply for owning it for another year, and the state taxes whatever you have left when you die. Our tax structure is far from fair

¹ <https://wallethub.com/edu/states-with-highest-lowest-tax-burden/20494>

² <https://www.richstatespoorstates.org/states/ME/>

³ <https://taxfoundation.org/2023-sales-taxes/>

Because sales tax payments stem from some voluntary transaction, it is somewhat more moral than the income tax, or other taxes which take from us even though we haven't interacted in the economy.

Please take this critical budgetary opportunity to work on tax reform which phases out the immoral and unproductive income tax. Thank you for your time and consideration.