

MAINE BEHIND THE NUMBERS

The facts on the economic track record of Maine governors Paul LePage and Janet Mills



TAXES

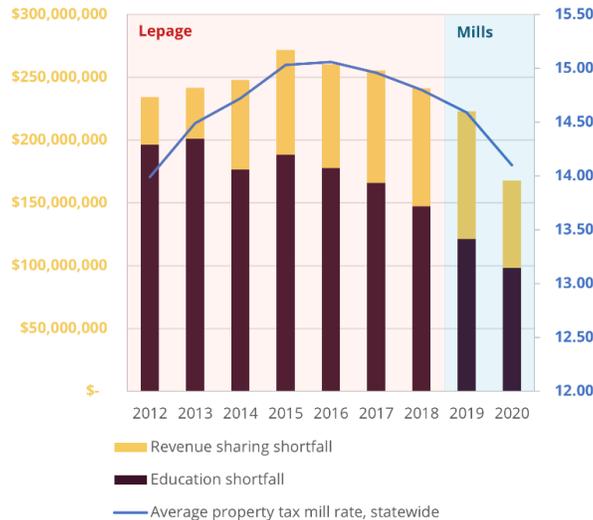
LePage

- Prioritized lowering taxes for wealthiest 1% who already paid less than 80% of Maine households
- Income tax breaks cost Maine \$895 million annually, resulting in greater reliance on sales and property taxes
- Shifted budget shortfalls to towns, causing property taxes to rise
- Eliminated "circuit breaker" property tax refund that benefitted older Mainers and people with low income
- Forfeited almost \$2 billion in taxpayer-funded federal resources

Mills

- Policies resulted in bottom 40% of households paying a lower tax rate than the wealthiest 1% for the first time
- Stabilized property taxes by fully funding schools & municipal revenue sharing
- Closed corporate tax loopholes
- Raised homestead exemption reimbursement rate, saving homeowners money
- Enacted a five-fold increase of the Earned Income Tax Credit, boosting incomes for some working families by as much as \$1,200

Larger local funding shortfalls under LePage mirrored increases to property tax rates



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Source: MECEP Action analysis of Maine Department of Education data and Legislative budget data, Maine Revenue Service full value mill rates, and Report of the Maine State Revenue Forecasting Committee for years 2016 through current; data reflects actual budgeted revenue sharing amounts vs estimate of 5% revenue sharing.

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Paul LePage photo by Gage Skidmore



Cutting taxes for the rich and gutting services for everyone else

Despite families with low income being harmed most by the Great Recession, **LePage's tax policies** disproportionately benefitted wealthy households and corporations. LePage fought to eliminate the income tax, a **\$1.8 billion** revenue source for state services, without a plan to maintain funding for programs and services beneficial to all Mainers. His **budget proposals** included steep cuts to income taxes that disproportionately benefitted wealthy households, **cut services**, and increased sales taxes which affect households with low incomes most. Over LePage's tenure, the wealthiest Mainers benefitted from several **tax windfalls**, including a 16 percent reduction of the top income tax rate, a repeal of the education surcharge on wealthy households that gave them an average tax break of \$23,400, and a more than five-fold increase in the amount of wealth millionaires were allowed to pass on **tax-free**. When LePage left office, **80 percent** of Mainers had a higher effective state and local tax rate than the wealthiest 1 percent. As with his current proposals to eliminate income taxes, LePage never had a plan for making up the lost revenue. Instead, he slashed more than **1,800 public sector jobs** while blocking \$3 billion in funding that should have gone to **education** and **health care** — the very things Mainers with low income need the most.



Shirking responsibility and shifting costs

LePage's income tax breaks cost a whopping **\$895 million** annually, and his repeal of the education surcharge on the wealthy cost an additional \$219 million. On top of that, he stockpiled, misspent, and rejected at least **\$1.9 billion in federal funding** — taxpayer contributions intended to support critical needs including health care, social services, and infrastructure. Even after LePage enacted **extreme program cuts**, laid off public sector **workers**, and expanded **sales taxes** to pay for the tax breaks, major shortfalls remained. In response, LePage shirked obligations and shifted costs to local communities. By refusing to fully fund **public education** and hoarding as much as 60 percent of the tax revenue the state should have been sharing with municipalities, towns were **forced to raise property taxes** to make up the missing money. LePage even eliminated the popular **"circuit breaker"** program that refunded property taxes for older Mainers and households with low income, and attempted to eliminate the **Homestead Property Tax Exemption** — which provides tax relief on a primary residence — for homeowners under age 65. The average statewide **property tax rate increased** five out of eight years LePage was in office.



Meeting obligations and targeting tax cuts to people who need it most

Even while LePage's tax breaks for wealthy households remain in place, Mills was able to **fully fund public schools**, restore **municipal revenue sharing**, expand public services, and boost income for households with low income. By maximizing **federal**

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[resources](#) and meeting the state's obligations for essential services, Mills eased the pressure on local communities to raise revenue through property taxes. She further supported towns in [stabilizing property taxes](#) by raising the state's rate of homestead exemption reimbursement to towns by 3 percent each year until they are covered in full. Although she faced criticism for vetoing a real estate transfer tax that would have added a higher tax bracket for home prices over \$1 million and helped fund affordable housing solutions, she was praised for expanding eligibility for the Property Tax Fairness Credit to 83,000 Mainers with low income. With bipartisan legislative support, Mills also championed a tax credit to reimburse Maine residents for [student loan payments](#) up to \$2,500 each year for up to 10 years. Additional and significant tax relief for working families with low income used revenue gained by closing wasteful [corporate tax loopholes](#) to fund an increase to the [Earned Income Tax Credit](#), a commonsense tax break that gives working people with low incomes a bigger refund when they file their taxes. Under Mills, this tax credit increased five fold. For a single parent of two children, that meant an increase in the maximum credit from \$300 to \$1,500.

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