

## A Guide to Maine's Economic Issues

- *Introduction:*

Part of AMF's effort is to promote an educated vote. This guide is meant to briefly outline the three economic issues that should be key this election year. During the upcoming months, we will be publishing more detailed "AMF Issue Papers" on each of the three topics. These issue papers will be a continuation of the three issues touched on below.

1. **Tax Burden:** *Maine is ranked 49<sup>th</sup> in the nation for tax burden.*

Although Maine recently moved from last in the nation to second-to-last in tax burden, our state's move on the list is not due to our Legislature actively lowering taxes, but another state increasing theirs. Not only has Maine been a leader in the nation for tax burden for a decade, but Maine is also ranked 43<sup>rd</sup> in business tax climate, and the tax burden on Maine businesses is 3.7 % higher than the national average. In the last two years the Legislature has increased revenues by \$400 million—that's \$400 million taken from the Maine economy. This statistic will only get worse for the next Legislature, which is facing a \$1 billion deficit.

2. **Business Climate:** *Maine has the 48<sup>th</sup> worst standing for its business climate in the nation*

Along with the tax handicap on Maine businesses, there are many factors that contribute to Maine's poor business climate, not the least of which is the Legislature. The Maine Economic Research Institute (MERI) ranks the Legislature on their economic positions. The combined score of the Legislature is 52 out of 100, a failing score. Maine ranks 47<sup>th</sup> in the nation for its high Worker's Compensation costs and those costs are 80% higher than the rest of New England. Because of these issues and others, the cost of doing business in Maine is 10 % higher than the national average. This has a direct impact on benefits for employees.

3. **Job Security and Opportunity:** *Between July 2000 and June 2003, Maine lost 17,000 manufacturing jobs, the highest percentage in the nation.*

The state recorded 3,500 new jobs between March 2003 and March 2004. These jobs were mostly created in the service sector, while manufacturing jobs continued to slip. According to The Maine Department of Labor, Maine lost 3,000 manufacturing jobs in the last year. The new jobs in the service sector generally do not compare to the quality of the 17,000 manufacturing jobs that were lost. Therefore, both the quality and quantity of jobs in Maine are at risk. Due to the lack of good jobs, Maine's youth are leaving the State for better opportunities.

- *Conclusion:*

During his inaugural speech, Governor Baldacci said, "Our goal, starting right now, is to balance the state budget and grow our economy. That's my economic plan." That is AMF's goal too. As of right now, however, this goal has not been accomplished and the necessary changes have not been made to better Maine's. It does not have to be this way. Across the border in New Hampshire, a state similar in location and population, the tax burden is half the size of Maine's.

Throughout this election cycle AMF will be distributing "AMF Issue Papers" on all three of these issues. The "AMF Issue Papers" are designed to provide a more in-depth look at each of the above critical election year issues: **tax burden**, **business climate** and **job security and opportunity**. Please look for our "AMF Issue papers" from now until Election Day on our website [www.amfvote.org](http://www.amfvote.org).