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May. 23, 2013

May 22—AUGUSTA — Gov. Paul LePage said Monday that his long-term goal is to eliminate Maine's income tax, but he reiterated his opposition to a plan before the Legislature that would cut the income tax rate in half while raising and lowering other taxes.

LePage made the statements at a press event at the Blaine House that featured an author who said Maine has been losing wealth and population to states with no personal income tax.

"My goal is ... if I'm re-elected to a second term, at the end of that second term we would have no income tax in the state of Maine," said LePage.

Then, referring to the Democratic majority in the Legislature, he said, "Unfortunately, with the current composition across the street, a lot of work needs to be done to achieve that."

LePage said he remains opposed to the tax-reform plan from the Legislature's so-called Gang of 11, a bipartisan group of legislators led by independent Sen. Richard Woodbury of Yarmouth, a Harvard-trained economist.

The group says its goal is to shift much of Maine's tax burden to out-of-staters while equalizing the state's reliance on property, sales and income taxes.

Its proponents say it would reduce the tax burden on nearly every Maine resident.

The plan, L.D. 1496, would cut the income tax rate to a flat 4 percent, increase the

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Some of it is good because it does reduce the income tax, LePage said. The problem is, it didn't stay neutral, so that's bad. Will you see my name on a tax increase? No."

The speaker at the Blaine House on Monday was Travis Brown, who wrote "How Money Walks," a book that tracks the movement of income from state to state.

Brown recommends a "pro-growth" tax policy that doesn't tax income. He said Maine's income tax is likely impeding the state's growth.

According to data collected by Brown, Maine gained \$1.62 billion in annual adjusted gross income from the in-migration of about 6,000 people from other states from 1995 to 2010. Maine gained more than \$806 million from in-migration from Massachusetts.

But Maine lost nearly \$790 million to three states without personal income taxes: Florida, Nevada and Tennessee.

Florida accounted for more than \$721 million of the loss, as 8,800 Maine residents moved there.

While lowering Maine's income tax would likely help it perform better, Brown said, the state has many natural advantages that help it to attract or retain residents.

"The coastline is attractive. The natural resources appear to be attractive for everyone in the region," he said. "It's exciting to imagine what could take place if the lower tax rate, the lower tax burdens were put in place more on the style of New Hampshire."

Rep. Gary Knight of Livermore Falls, the Republican sponsor of the tax-reform proposal, said he would like to eliminate Maine's income tax, just as LePage would.

“In one fell swoop, we get it down from 7.95 (percent) to 4 (percent),” he said of his

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