



Maine Forest Products Council

The voice of Maine's forest economy

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Columbia Forest Prod.
Cross Insurance
Family Forestry
Farm Credit East
Fontaine Inc.
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Huber Resources
INRS
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Katahdin Forest Mgmt.
Key Bank
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Southern Maine Forestry
Stead Timberlands
St. Croix Tissue
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Timber Resource Group
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Testimony in Support of LD 1891

“An Act to Support Maine Businesses Through a Child Care Tax Credit and a Pass-through Entity Tax”

January 25, 2024

Krysta West, Deputy Director

Senator Grohoski, Representative Perry and members of the Committee on Taxation, my name is Krysta West. I am a resident of Readfield and I am here today to present testimony on behalf of the Maine forest Products Council in support of LD 1891, “An Act to Support Maine Businesses Through a Child Care Tax Credit and a Pass-through Entity Tax.”

Last April, I came before the committee to testify in support of another child care tax credit bill, LD 1222. I return today (following the birth of my second), to also testify in support of LD 1891. While these bills differ in some ways, both bills have merit. We encourage the committee to either pass them both or combine them. Regardless of your approach, both bills present an opportunity to take action on a workforce issue that continues to be a great challenge for the forest products industry, particularly in rural areas.

I won't rehash all the reasons that it is timely and appropriate for this Legislature to act on child care affordability for Maine families today because the issue is the same, if not more challenging than it was when I was here last April. I know you are all well versed in this issue, and that it is not industry specific. It is, unfortunately, a statewide problem that impacts workforce availability for all employers, both large and small.

That said, there are aspects of both bills that we find favorable. We would encourage you to consider the merits of each bill as you consider how to move forward on this issue.

Pros of LD 1222:

- The cap of \$3,000 per year per child is more meaningful than the \$1,000 cap in LD 1891. On average, child care in Maine costs between \$10,000-\$15,000 per child per year.

The median household income in Maine was \$68,251 in 2022. According to State DHHS guidelines, the threshold of affordability for child care is 10% of household income, so the average affordability rate is about \$6,800 per year. A \$3,000 benefit would bring affordability closer to this threshold, allowing more parents to re-enter the workforce.

- There is no cap on the number of children an employer can get credit for providing funds to support in LD 1222, making the credit meaningful for employers of all sizes. The \$10,000 per employer cap in LD 1891 would limit the program coverage to only 10 children per business, limiting the potential for business contributions to offset employee costs.
- The mechanism used in LD 1222 makes the program available to all employers, including non-profits, since the tax credit is refundable. Again, this benefit more Maine families.

Pro of LD 1891:

- While this funding mechanism isn't available for non-profits, it does help fund the program, which may be beneficial.
- This funding mechanism would help reduce tax liability for Maine businesses that invest in child care for employees.

Both bills would forge a partnership between businesses and the State to address one of the most significant employment barriers of the day. In order for our industry and all sectors of Maine's economy to thrive, we must collectively tackle the real issue of child care affordability head-on. 85 percent of working parents have indicated that problems with child care hurt their work effort or their time availability for work. This is a real problem that needs a collaborative solution. For these reasons, we again encourage you to pass a meaningful tax incentive program to help Maine families and employers address this challenging issue.

Thank you for your consideration. I would be happy to answer any questions the committee may have.