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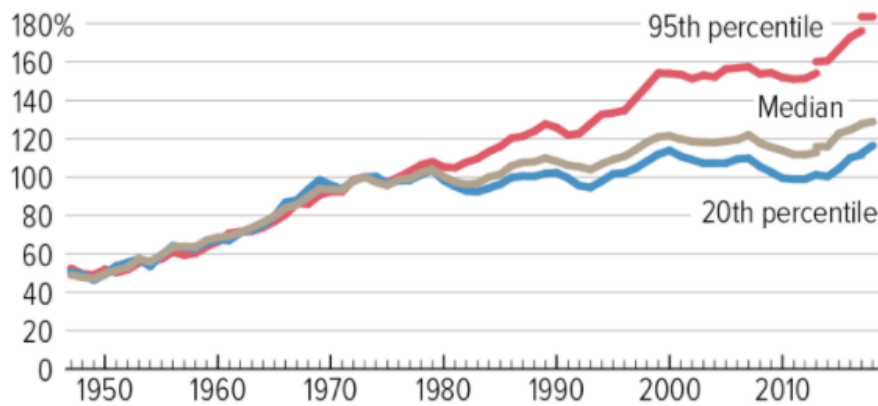
***Testimony of Rep. Sam Zager in support of
 LD 1524 An Act to Amend the Maine Exclusion Amount in the Estate Tax
 Before the Joint Standing Committee on Taxation
 May 13, 2021***

Senator Chipman, Representative Terry, honorable members of the Taxation Committee, I am Sam Zager, honored to represent the good people of District 41 in Portland, and I'm pleased to testify in support of LD 1524 as a co-sponsor. I thank Representative Collings for introducing it, as well as the other co-sponsors.

My testimony will essentially be the two graphs in my written testimony.

Income Gains Widely Shared in Early Postwar Decades — But Not Since Then

Real family income between 1947 and 2018, as a percentage of 1973 level



Note: Breaks indicate implementation of a redesigned questionnaire (2013) and an updated data processing system (2017).

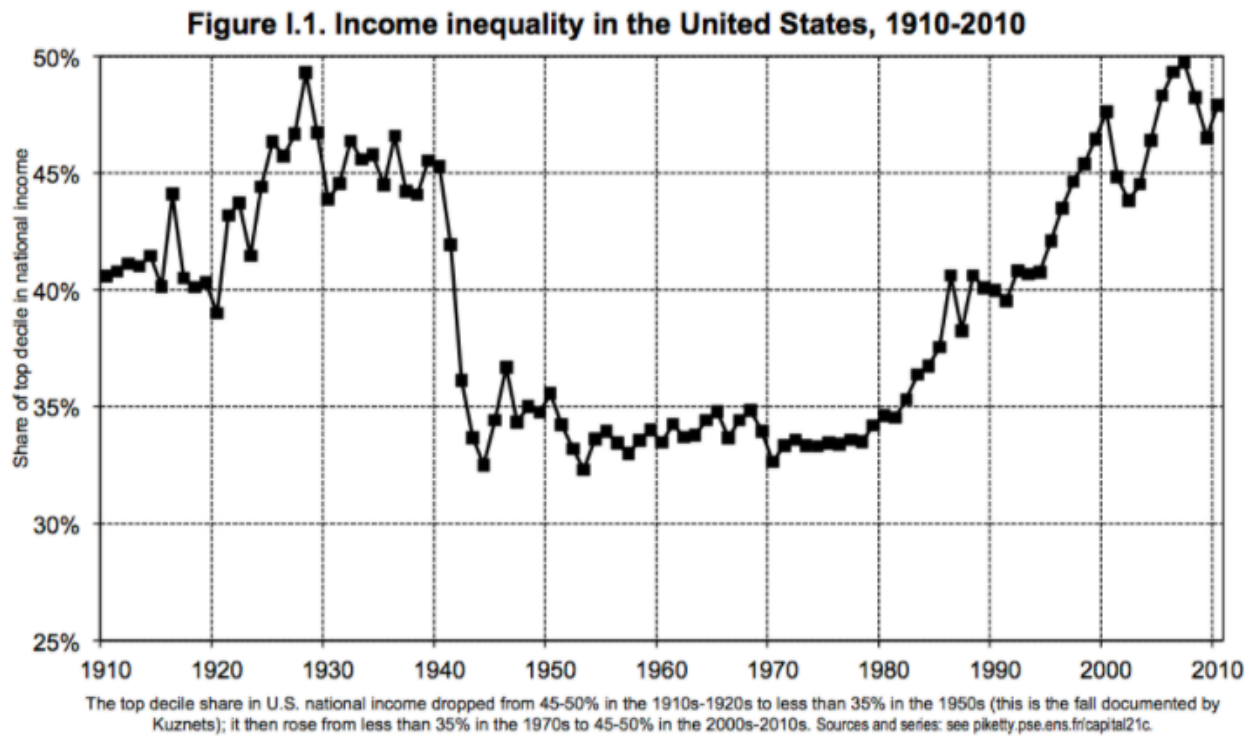
Source: CBPP calculations based on U.S. Census Bureau Data

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The first one looks at family income since right after World War II.¹ Around 1980, the highest income families started to far outpace everyone else. Why? Did the richest families suddenly contribute more to our society and *earn* a higher share of GDP? I don't suppose so; rather, something seemed to structurally change. And it's been getting more pronounced over time.

¹ <https://www.cbpp.org/research/poverty-and-inequality/a-guide-to-statistics-on-historical-trends-in-income-inequality>

The second graph looks at the share of US national income that the top 10% has commanded over the past century.² From World War II onwards, there was low inequality, and it was stable. Certainly there were people who were more wealthy than others, but it wasn't extreme. Just as in the first graph, we see a change starting around 1980. In the past twenty years or so, the difference between the haves and the have-nots has gotten as extreme as it was in the 1920s and '30s -- the years leading up to and including the Great Depression.



I'm not an economist, but clearly something is going on here.

LD 1524 would return the estate tax exclusion threshold from \$5.6M to \$2M -- with exemptions for family farms, fishing, and wood harvesting businesses. **It is a reasonable measure to take a step towards greater fairness and sustainability.**

Thank you for your consideration. I'd be happy to answer any questions I can.

² <https://www.vox.com/2014/5/7/18076944/income-inequality>