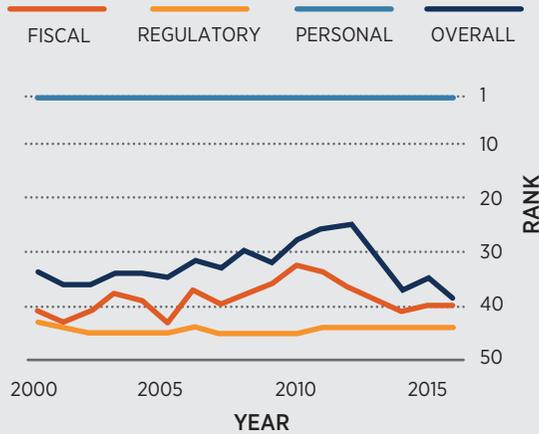


MAINE

2016 RANK
39th



POLICY RECOMMENDATIONS

- Fiscal:** Cut spending on public welfare and housing and community development. Maine is one of the most free-spending states on public welfare in the country, and it also spends much more than average on housing and community development. Also cut individual and corporate income taxes.
- Regulatory:** Roll back exclusionary zoning, perhaps by allowing state veto of local zoning ordinances that limit housing supply.
- Personal:** Sell off the state liquor stores and replace the markup with a transparent ad valorem tax, as Washington has done. Maine will never be able to compete with New Hampshire prices anyway; perhaps it can compete on convenience.



Population, 2017
1,335,907

Net Migration Rate
2.6%



State Taxes, Percent of Personal Income, FY 2017
6.69%

Local Taxes, Percent of Personal Income, FY 2015
5.06%

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Real Per Capita Personal Income, 2016, in 2009 \$
\$40,570

Real Personal Income Growth, CAGR, 2000-15
1.7%

ANALYSIS

Maine has long been one of the freest states in the country personally and one of the least free economically—the opposite of states like Alabama and Idaho. Between 2011 and 2014, the state declined even further on fiscal policy, which contributed to a relative decline in overall freedom.

Maine's taxes have long been high, crushing taxpayers overall at 11.7 percent of adjusted personal income and earning the state rankings in the bottom 10 for both state and local taxes. State taxes have fallen from their heights in the mid-2000s around 7.5 percent of adjusted personal income but are still painful for taxpayers at 6.7 percent today. Local taxes are 5.1 percent, again high relative to national norms. Mainers have slightly less choice of local government than other New Englanders, but more than most Americans. Government debt is low, at 14.7 percent of income, and government employment is down to 11.8 percent of private employment (from a peak of 12.9 percent in 2010).

Maine has been a consistently poor state on regulatory freedom since 2000, always staying in the bottom 10. It is one of the most regulated states for land use. Indeed, we show that exclusionary zoning leaped upward in Maine between 2000 and 2006 and has risen further since then. Maine has one of the most extreme renewable portfolio standards in the country, by our measure (bested in 2016 by Vermont). Maine enacted a substantially higher minimum wage in 2016 (which will keep going up until it hits \$12 per hour in 2020), and there is no right-to-work law. In 2011-12 a telecommunications deregulation bill was passed. Different measures of occupational freedoms give a conflicting picture of that policy, but there is no doubt

that Maine allows more scope of practice to second-line health professions than just about any other state. Freedom from abusive lawsuits is above average in Maine and has improved steadily over time. The state has a certificate-of-need law for hospitals but not one for movers. It has a price-gouging law and a general law against sales below cost. So Mainers must remember not to price their goods either higher or lower than the state legislature deems acceptable.

Maine is a leading state for criminal justice. It has very low incarceration rates—two standard deviations better than the national average—and a better-than-average civil asset forfeiture law. Prison collect call rates, though, are high. Maine is a progressive state with sound gun laws (including concealed carry without a permit, enacted in 2015), marijuana rights (recreational use became legal for adults over 21 years of age in 2017), and same-sex marriage (legalized by ballot initiative in 2012). It is, in brief, a very civil libertarian state. However, tobacco consumers will face extraordinarily high taxes (\$2 a pack in 2018) and have been evicted from commercial private property by penalty of law. Educational freedom is also low despite having a limited voucher program. The state regulates private schools to the hilt: teacher licensing, detailed curriculum control, and state approval. However, some towns can “tuition out” to private schools, a form of voucher law that has been on the books for decades. Limited public school choice was enacted in 2011-12. We also show gambling freedom increasing over time, as the legal industry has expanded. Alcohol freedom is below average because of state monopolization of wine and spirits retailing, not to mention high beer taxes. But raw milk sales are legal.