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STATE OF MAINE
ONE HUNDRED AND THIRTY-SECOND LEGISLATURE
COMMITTEE ON TAXATION

MEMORANDUM

TO: Senator Margaret Rotundo, Senate Chair
Representative Drew Gattine, House Chair
Joint Standing Committee on Appropriations and Financial Affairs

FROM: Senator Nicole Grohoski, Senate Chair NG
Representative Daniel Sayre, House Chair DS
Joint Standing Committee on Taxation

DATE: March 9, 2026

RE: Supplemental budget recommendations (LD 2212, *An Act Making Supplemental Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2026 and June 30, 2027*)

The Joint Standing Committee on Taxation met on Thursday, February 26th, Tuesday, March 3rd, Wednesday, March 4th, and Thursday, March 5th, to consider the Governor's proposed supplemental budget on items related to the Taxation Committee's jurisdiction.

Included with this memorandum is the report back template noting our votes on the initiatives and language parts. We have also included as **Attachment 1** to the report back template a supplemental voting report providing each committee member's vote on each initiative and language part.

Please note that we did not vote on the "Part K" language part as a whole, but instead voted on conformity items line-by-line as listed in the Appendix, Tables A-C of the Consolidated Report on Maine Tax Conformity and the Provisions of Federal Public Law No. 119-21, dated February 26, 2026, prepared by the Department of Administrative and Financial Services, Maine Revenue Services, Office of Tax Policy (the "Consolidated Report"). A copy of the Consolidated Report, Appendix, Tables A-C is included with this report back as **Attachment 1-A**. For ease of reference and comparison, a copy of Appendix A, Table A of Commissioner Clark's testimony on LD 2212 (i.e., conformity items as proposed in the Governor's supplemental budget) is included as **Attachment 1-B**.

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In addition to the Governor's proposed initiatives in the supplemental budget, members of the Taxation Committee wish to express their support for the following bills on the Special Appropriations Table:

- LD 1099, *An Act to Exempt Diapers from Sales Tax*[1];
- LD 1211, *An Act Regarding Certain Definitions in the Sales and Use Tax Laws Affecting Rental Equipment*[2];
- LD 1313, *An Act to Promote Equity in the Forest Products Industry by Allowing Commercial Wood Haulers to Be Eligible for Certain Sales Tax Exemptions and Refunds*[3];
- LD 1506, *An Act to Amend the Personal Property Tax Exemption for Individually Owned Personal Property*[4]; and
- LD 1879, *An Act to Support Maine's Agricultural Economy by Increasing Revenue from the Corporate Income Tax*.[5]

The Taxation Committee understands that LD 1506, *An Act to Amend the Personal Property Tax Exemption for Individually Owned Personal Property*, is being worked on by Maine Revenue Services and the fiscal note is subject to change, or possibly elimination. The Taxation Committee urges the AFA Committee to keep an eye on this bill and the potential amendment to deal with the fiscal note.

In closing, the majority of committee members—Sen. Grohoski, Rep. Sayre, Sen. Tipping, Rep. Crockett, Rep. Friedmann, Rep. Harriman, and Rep. Matlack—offer the following for your consideration:

> As the Appropriations and Financial Affairs Committee considers tax measures to include in the supplemental budget, a majority of the Taxation Committee recommends a focus on proposals that generate revenue through fair taxation to fund essential services that help Maine families thrive.
>
> To that end, proposals under consideration should include bills that a majority of the committee have supported, including LD 229, *An Act to Bring Fairness in Income Taxes to Maine Families by Adjusting the Tax Brackets and Tax Rates*, LD 1089, *An Act to Permanently Fund 55 Percent of the State's Share of Education by Establishing a Tax on Incomes of More than $1,000,000*, and LD 1879, *An Act to Support Maine's Agricultural Economy by Increasing Revenue from the Corporate Income Tax*.

[1] In favor: Sen. Grohoski, Rep. Sayre, Sen. Tipping, Sen. Bickford, Rep. Harriman, Rep. Matlack, Rep. Quint, Rep. Rudnicki, Rep. Lavigne and Rep. White. Opposed: Rep. Swallow

[2] In favor: Sen. Bickford, Rep. Quint, Rep. Swallow, Rep. Rudnicki, Rep. Lavigne, Rep. Friedmann, Rep. White. Opposed: Sen. Grohoski, Rep. Sayre, Sen. Tipping, Rep. Matlack and Rep. Harriman.

[3] In favor: Sen. Grohoski, Rep. Sayre, Sen. Tipping, Sen. Bickford, Rep. Harriman, Rep. Matlack, Rep. Quint, Rep. Rudnicki, Rep. Swallow, Rep. Lavigne, Rep. White, Rep. Friedmann

[4] In favor: Sen. Grohoski, Rep. Sayre, Sen. Tipping, Sen. Bickford, Rep. Harriman, Rep. Matlack, Rep. Quint, Rep. Rudnicki, Rep. Swallow, Rep. Lavigne, Rep. White, Rep. Friedmann

[5] In favor: Sen. Grohoski, Rep. Sayre, Sen. Tipping, Rep. Harriman, Rep. Matlack and Rep. Friedmann. Opposed: Rep. Swallow, Rep. Quint, Rep. Rudnicki, Rep. Lavigne, Sen. Bickford, Rep. White.

> We look forward to our continued collaboration in securing the necessary revenue that allows us to invest in the vital programs and services that support Maine communities and strengthen our economy.

Thank you for the opportunity to provide input. Please do not hesitate to contact us if you have any questions.

Sec. A-1. Appropriations and allocations. The following appropriations and allocations are made.

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Revenue Services, Bureau of 0002

Initiative: Adjusts funding by increasing General Fund appropriations and decreasing Federal Expenditures Fund - ARP State Fiscal Recovery funds, the All Other line category within the Revenue Services, Bureau of program in order to reverse an increase and reduction in Public Law 2023, chapter 643 for fiscal year 2024-25 that was meant to be one time.

Ref. #: 3 Committee Vote: IN 8-5 AFA Vote: ______

GENERAL FUND	**2024-25**	**2025-26**	**2026-27**
All Other	$0	$0	$5,000,000
GENERAL FUND TOTAL	$0	$0	$5,000,000

Ref. #: 4 Committee Vote: IN 8-5 AFA Vote: ______

FEDERAL EXPENDITURES FUND - ARP STATE FISCAL RECOVERY	**2024-25**	**2025-26**	**2026-27**
All Other	$0	$0	($5,000,000)
FEDERAL EXPENDITURES FUND - ARP STATE FISCAL RECOVERY TOTAL	$0	$0	($5,000,000)

Justification:
This initiative adjusts funding between funds in order to reverse a reduction in funding in fiscal year 2025 that was intended to be one-time, but was processed as ongoing in error.

Revenue Services, Bureau of 0002

Initiative: Provides funding for the approved reclassification of one Business Systems Administrator position to a Tax Section Manager position.

Ref. #: 5 Committee Vote: IN 7-6 AFA Vote: ______

GENERAL FUND	**2024-25**	**2025-26**	**2026-27**
Personal Services	$0	$7,550	$7,834
GENERAL FUND TOTAL	$0	$7,550	$7,834

Notes:

Not Part of the Public Hearing. Policy Committees need not make a recommendation on approved Reclassification, Reorganization and Range Change initiatives.

Justification:
This initiative provides funding for the approved reclassification from one Business Systems Administrator position to a Tax Section Manager position.

Revenue Services, Bureau of 0002

Initiative: Reduces allocations for the Bureau of Revenue Services for the Maine Military Family Relief Fund voluntary income tax return checkoff.

Ref. #: 6 Committee Vote: IN 13-0 AFA Vote:

OTHER SPECIAL REVENUE FUNDS	2024-25	2025-26	2026-27
All Other	$0	($5,500)	($5,500)
OTHER SPECIAL REVENUE FUNDS TOTAL	$0	($5,500)	($5,500)

Justification:
Funding for cost of administering the Maine Military Family Relief Fund voluntary checkoff on Individual Income Tax returns is provided through Title 36, §5283-A: Voluntary contribution through checkoffs. This allocation, provided in P.L. 2007, c674, Sec. 3 is not necessary.

Revenue Services, Bureau of 0002

Initiative: Provides one-time funding for administrative expenses to update the State's tax and administration system for a new optional account type for pass-through entities.

Ref. #: 7 One Time Committee Vote: IN 12-0 AFA Vote:

GENERAL FUND	2024-25	2025-26	2026-27
All Other	$0	$0	$438,771
GENERAL FUND TOTAL	$0	$0	$438,771

Justification:
The new pass-through entity (PTE) tax type will require Maine Revenue Services, Income Tax Division to establish rules for taxpayer election for PTE registration, create and adopt a new PTE tax return, develop business rules for the processing of PTE tax return line items, and configure the interfaces and many modes necessary to receive and process the new returns. The vendor's configuration of the functionality to accept, process, post, and allow taxpayers to file for this new tax cannot begin until the basic form, line items, and the rules for the processing of the information have been published.

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

DEPARTMENT TOTALS	2024-25	2025-26	2026-27
GENERAL FUND	**$0**	**$7,550**	**$5,446,605**
OTHER SPECIAL REVENUE FUNDS	**$0**	**($5,500)**	**($5,500)**
FEDERAL EXPENDITURES FUND - ARP STATE FISCAL RECOVERY	**$0**	**$0**	**($5,000,000)**
DEPARTMENT TOTAL - ALL FUNDS	**$0**	**$2,050**	**$441,105**

Sec. A-31. Appropriations and allocations. The following appropriations and allocations are made.

TREASURER OF STATE, OFFICE OF

Disproportionate Tax Burden Fund 0472

Initiative: Provides funding to align allocations with projected expenditures and available resources.

Ref. #: 689 Committee Vote: IN 13-0 AFA Vote:

OTHER SPECIAL REVENUE FUNDS	2024-25	2025-26	2026-27
All Other	$0	$1,553,134	$741,723
OTHER SPECIAL REVENUE FUNDS TOTAL	$0	$1,553,134	$741,723

Justification:
This initiative provides funding to align allocations with projected expenditures and available resources.

State - Municipal Revenue Sharing 0020

Initiative: Provides funding to align allocations with projected expenditures and available resources.

Ref. #: 685 Committee Vote: IN 13-0 AFA Vote:

OTHER SPECIAL REVENUE FUNDS	2024-25	2025-26	2026-27
All Other	$0	$6,212,538	$2,966,891
OTHER SPECIAL REVENUE FUNDS TOTAL	$0	$6,212,538	$2,966,891

Justification:
This initiative provides funding to align allocations with projected expenditures and available resources.

TREASURER OF STATE, OFFICE OF

DEPARTMENT TOTALS	2024-25	2025-26	2026-27
OTHER SPECIAL REVENUE FUNDS	**$0**	**$7,765,672**	**$3,708,614**
DEPARTMENT TOTAL - ALL FUNDS	**$0**	**$7,765,672**	**$3,708,614**

Language Parts

Part K (see pg: 5)	Committee Vote: * Please See attachments	AFA Vote: ______
Part M (see pg: 12)	Committee Vote: IN 13-0	AFA Vote: ______
Part N (see pg: 20)	Committee Vote: ** As Amended 11-1	AFA Vote: ______
Part O (see pg: 27)	Committee Vote: OUT 7-6	AFA Vote: ______

***Part K - See Attachment 1-- pg 4-10**
Attachment 1-A and
Attachment 1-B

****Part N - See Attachment 1 -- pg 10-11**

PART K

Sec. K-1. 36 MRSA §111, sub-§1-A, as amended by PL 2025, c. 432, §1 and affected by PL 2025, c. 432, §2, is further amended to read:

1-A. Code. "Code" means the United States Internal Revenue Code of 1986 and amendments to that Code as of December 31, ~~2024~~ 2025.

Sec. K-2. 36 MRSA §5122, sub-§1, ¶QQ is enacted to read:

QQ. For taxable years beginning on or after January 1, 2025 and before January 1, 2030, an amount equal to the deduction for domestic research or experimental expenditures claimed by the taxpayer under the Code, Section 174A(a) (or pursuant to Section 70302(f)(2) of the Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Public Law 119-21) multiplied by the applicable percentage. Except for a tax shelter prohibited from using the cash receipts and disbursements method of accounting under the Code, Section 448(a)(3), this paragraph does not apply to any taxpayer that meets the gross receipts test of the Code, Section 448(c) for the taxable year.

For purposes of this paragraph, "applicable percentage" means:

(a) for tax years beginning in 2025, 100%,

(b) for tax years beginning in 2026, 70%, except 100% for deductions claimed pursuant to Section 70302(f)(2) of the Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Public Law 119-21,

(c) for tax years beginning in 2027, 50%,

(d) for tax years beginning in 2028, 30%,

(e) for tax years beginning in 2029, 10%.

Sec. K-3. 36 MRSA §5122, sub-§1, ¶RR is enacted to read:

RR. An amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(n).

Sec. K-4. 36 MRSA §5122, sub-§2, ¶BBB is enacted to read:

BBB. For taxable years beginning on or after January 1, 2025 and before January 1, 2031, an amount equal to the sum of the following:

(1) An amount equal to the amortization deductions allowable for domestic research or experimental expenditures under former Section 174 of the Code, prior to the enactment of the Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Public Law 119-21, with respect to expenditures which are paid or incurred in taxable years beginning after December 31, 2021, and before January 1, 2026, for which an addition was required under subsection 1, paragraph QQ, and

(2) By an amortization deduction for domestic research or experimental expenditures (except those described in subparagraph 1) for which an addition was required under subsection 1, paragraph QQ in a prior tax year. The amortization deduction is equal to the amount of the addition modification attributable to such expenditures allowed ratably over a period beginning with the taxable year immediately following the taxable year in which the addition modification was required and ending in the taxable year beginning in 2030.

Sec. K-5. 36 MRSA §5122, sub-§2, ⁋CCC is enacted to read:

CCC. For tax years beginning in 2027, an amount equal to 50% of the taxpayer's charitable deduction claimed in accordance with the Code, Section 170(p). For tax years beginning on or after January 1, 2028, an amount equal to the taxpayer's charitable deduction claimed in accordance with the Code, Section 170(p).

Sec. K-6. 36 MRSA §5122, sub-§2, ⁋DDD is enacted to read:

DDD. An amount equal to the net increase in depreciation attributable to the depreciation deductions allowable under Sections 167 and 168 of the Code that would have been applicable to that property had the depreciation deduction under Code section 168(n) not been claimed with respect to such property for which an addition was required under subsection 1, paragraph RR in a prior year.

Upon the taxable disposition of property to which this paragraph applies, the amount of any gain or loss includable in federal taxable income must be adjusted for Maine income tax purposes by an amount equal to the difference between the addition modification for such property under subsection 1, paragraph RR and the subtraction modification allowed pursuant to this paragraph.

The total amount of subtraction claimed for property under this paragraph for all tax years may not exceed the addition modifications under subsection 1, paragraph RR for the same property.

Sec. K-7. 36 MRSA §5124-B is repealed.

Sec. K-8. 36 MRSA §5124-C, sub-§§1, as enacted by PL 2019, c. 616, Pt. X, §2 and PL 2023, c. 412, Pt. ZZZ, are amended to read:

~~**1. Amount; before January 1, 2020.** For tax years beginning on or after January 1, 2018 and before January 1, 2020, the standard deduction of a resident individual is equal to the standard deduction as determined in accordance with the Code, Section 63, subject to the phase-out under subsection 2.~~

1-A. Amount; before January 1, ~~2026~~ 2025 and on or after January 1, 2027. For tax years beginning on or after January 1, 2020 and before January 1, ~~2026~~ 2025, and tax years beginning on or after January 1, 2027, the standard deduction of a resident individual is equal to the federal standard deduction, subject to the phase-out under subsection 2.

1-B. Amount; ~~on or after January 1, 2026~~ for 2025. For tax years beginning ~~on or after January 1,~~ in ~~2026~~ 2025, the standard deduction of a resident individual is equal to the sum of the basic standard deduction and the additional standard deduction, subject to the phase-out under subsection 2.

A. The basic standard deduction is:

(1) For single individuals and married persons filing separate returns, $15,000;

(2) For individuals filing as heads of households, the amount allowed under subparagraph (1) multiplied by 1.5; and

(3) For individuals filing married joint returns or surviving spouses, the amount allowed under subparagraph (1) multiplied by 2.

B. The additional standard deduction is the amount allowed under the Code, Section 63(c)(3).

Sec. K-9. 36 MRSA §5124-C, sub-§1-C is enacted to read:

1-C. Amount; for 2026. For tax years beginning in 2026, the standard deduction of a resident individual is equal to the sum of the basic standard deduction and the additional standard deduction, subject to the phase-out under subsection 2.

A. The basic standard deduction is:

(1) For single individuals and married persons filing separate returns, $15,700;

(2) For individuals filing as heads of households, the amount allowed under subparagraph (1) multiplied by 1.5; and

(3) For individuals filing married joint returns or surviving spouses, the amount allowed under subparagraph (1) multiplied by 2.

B. The additional standard deduction is the amount allowed under the Code, Section 63(c)(3).

Sec. K-10. 36 MRSA §5126 is repealed.

Sec. K-11. 36 MRSA §5200-A, sub-§1, ¶LL is enacted to read:

LL. For taxable years beginning on or after January 1, 2025 and before January 1, 2030, an amount equal to the deduction for domestic research or experimental expenditures claimed by the taxpayer under the Code, Section 174A(a) (or pursuant to Section 70302(f)(2) of the Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Public Law 119-21) multiplied by the

applicable percentage. Except for a tax shelter prohibited from using the cash receipts and disbursements method of accounting under the Code, Section 448(a)(3), this paragraph does not apply to any taxpayer that meets the gross receipts test of the Code, Section 448(c) for the taxable year.
For purposes of this paragraph, "applicable percentage" means:

(a) for tax years beginning in 2025, 100%,

(b) for tax years beginning in 2026, 70%, except 100% for deductions claimed pursuant to Section 70302(f)(2) of the Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Public Law 119-21,

(c) for tax years beginning in 2027, 50%,

(d) for tax years beginning in 2028, 30%,

(e) for tax years beginning in 2029, 10%.

Sec. K-12. 36 MRSA §5200-A, sub-§1, ¶MM is enacted to read:

MM. An amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(n).

Sec. K-13. 36 MRSA §5200-A, sub-§2, ¶EE, as enacted by PL 2017, c. 474, Pt. D, §3 and affected by PL 2017, c. 474, Pt. D, §4, is amended to read:

EE. An amount equal to 50% of the apportionable ~~global intangible low-taxed~~ net CFC tested income that the taxpayer included in federal gross income during the taxable year in accordance with the Code, Section 951A, net of related expenses and other related deductions deducted in computing federal taxable income. The amount included in the sales factor of any apportionment formula employed to attribute apportionable income to this State the taxpayer included in federal gross income during the taxable year in accordance with the Code, Section 951A is 50% of the amount included in federal gross income.

Sec. K-14. 36 MRSA §5200-A, sub-§2, ¶KK is enacted to read:

KK. For taxable years beginning on or after January 1, 2025 and before January 1, 2031, an amount equal to the sum of the following:

(1) An amount equal to the amortization deductions allowable for domestic research or experimental expenditures under former Section 174 of the Code, prior to the enactment of the Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Public Law 119-21, with respect to expenditures which are paid or incurred in taxable years beginning after December 31, 2021, and before January 1, 2026, for which an addition was required under subsection 1, paragraph LL, and

(2) By an amortization deduction for domestic research or experimental expenditures (except those described in paragraph 1) for which an addition was required under subsection 1, paragraph LL in a prior tax year. The amortization deduction is equal to the amount of the addition modification attributable to such expenditures allowed ratably over a period beginning with the taxable year immediately following the taxable year in which the addition modification was required and ending in the taxable year beginning in 2030.

Sec. K-15. 36 MRSA §5200-A, sub-§2, ¶LL is enacted to read:

LL. An amount equal to the net increase in depreciation attributable to the depreciation deductions allowable under Sections 167 and 168 of the Code that would have been applicable to that property had the depreciation deduction under Code section 168(n) not been claimed with respect to such property for which an addition was required under subsection 1, paragraph MM in a prior year.

Upon the taxable disposition of property to which this paragraph applies, the amount of any gain or loss includable in federal taxable income must be adjusted for Maine income tax purposes by an amount equal to the difference between the addition modification for such property under subsection 1, paragraph MM and the subtraction modification allowed pursuant to this paragraph.

The total amount of subtraction claimed for property under this paragraph for all tax years may not exceed the addition modifications under subsection 1, paragraph MM for the same property.

Sec. K-16. 36 MRSA §5219-SS, as amended by PL 2025, c. 388, Pt. Q, §§1, 2, is further amended to read:

1. Resident taxpayer~~; tax years beginning before 2026~~. For tax years beginning on or after January 1, 2018 ~~and before January 1, 2026~~, a resident individual is allowed a credit against the tax otherwise due under this Part equal to $300 for each qualifying child and dependent of the taxpayer for whom the taxpayer was eligible to claim the federal child tax credit pursuant to the Code, Section 24 for the same taxable year, subject to the phase-out provisions under subsection 4.

~~**1-A. Resident taxpayer; tax years beginning 2026 or after.** For tax years beginning on or after January 1, 2026, a resident individual is allowed a credit against the tax otherwise due under this Part equal to $300 for each dependent of the taxpayer for whom the taxpayer was eligible to claim the federal personal exemption pursuant to the Code, Section 151 in an amount greater than $0 for the same taxable year, subject to the phase-out provisions under subsection 4.~~

2. Nonresident taxpayer~~; tax years beginning before 2026~~. For tax years beginning on or after January 1, 2018 ~~and before January 1, 2026~~, a nonresident individual is allowed a credit against the tax otherwise due under this Part equal to $300 for each qualifying child and dependent of the taxpayer for whom the taxpayer was eligible to claim the federal child tax credit pursuant to the

Code, Section 24 for the same taxable year, subject to the phase-out provisions under subsection 4, multiplied by the ratio of the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph B, to the individual's entire federal adjusted gross income as modified by section 5122.

~~**2-A. Nonresident taxpayer; tax years beginning 2026 or after.** For tax years beginning on or after January 1, 2026, a nonresident individual is allowed a credit against the tax otherwise due under this Part equal to $300 for each dependent of the taxpayer for whom the taxpayer was eligible to claim the federal personal exemption pursuant to the Code, Section 151 in an amount greater than $0 for the same taxable year, subject to the phase-out provisions under subsection 4, multiplied by the ratio of the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph B, to the individual's entire federal adjusted gross income as modified by section 5122.~~

3. Part-year resident taxpayer~~; tax years beginning before 2026~~. For tax years beginning on or after January 1, 2018 ~~and before January 1, 2026~~, an individual who files a return as a part-year resident in accordance with section 5224-A is allowed a credit against the tax otherwise due under this Part equal to $300 for each qualifying child and dependent of the taxpayer for whom the taxpayer was eligible to claim the federal child tax credit pursuant to the Code, Section 24 for the same taxable year, subject to the phase-out provisions under subsection 4, multiplied by a fraction, the numerator of which is the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph A, for that portion of the taxable year during which the individual was a resident plus the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph B, for that portion of the taxable year during which the individual was a nonresident and the denominator of which is the individual's entire federal adjusted gross income as modified by section 5122.

~~**3-A. Part-year resident taxpayer; tax years beginning 2026 or after.** For tax years beginning on or after January 1, 2026, an individual who files a return as a part-year resident in accordance with section 5224-A is allowed a credit against the tax otherwise due under this Part equal to $300 for each dependent of the taxpayer for whom the taxpayer was eligible to claim the federal personal exemption pursuant to the Code, Section 151 in an amount greater than $0 for the same taxable year, subject to the phase-out provisions under subsection 4, multiplied by a fraction, the numerator of which is the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph A, for that portion of the taxable year during which the individual was a resident plus the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph B, for that portion of the taxable year during which the individual was a nonresident and the denominator of which is the individual's entire federal adjusted gross income as modified by section 5122.~~

4. Refundability; phase-out. For tax years beginning before January 1, 2024, the credit allowed by this section may not reduce the tax otherwise due under this Part to less than zero. For tax years beginning on or after January 1, 2024, the credit allowed under subsections 1~~, 1-A,~~ <u>and</u> 3 ~~and 3-A~~, as increased by subsection 5 for tax years beginning on or after January 1, 2025, is refundable.

For tax years beginning before January 1, 2025, the amount of the credit allowed by this section must be reduced, but not below zero, by $7.50 for each $1,000 or fraction thereof by which the taxpayer's Maine adjusted gross income exceeds $400,000 in the case of a joint return and $200,000 in any other case.

For tax years beginning on or after January 1, 2025, the amount of the credit allowed by this section, as increased by subsection 5, must be reduced, but not below zero, by $20 for each $500 or fraction thereof by which the taxpayer's Maine adjusted gross income exceeds:

A. For a single individual, $100,000;

B. For an individual filing as a head of household, $125,000;

C. For individuals filing married joint returns or surviving spouses, $150,000; and

D. For a married individual filing a separate return, 1/2 of the applicable amount under paragraph C.

5. Increased credit for qualifying children and dependents under 6 years of age. For tax years beginning on or after January 1, 2025, the credit amount allowed in subsections 1, ~~1-A,~~ 2, ~~2-A,~~and 3~~-and 3-A~~ for each qualifying child and dependent who has not attained 6 years of age before the end of the taxable year is multiplied by 2.

Sec. K-17. 36 MRSA §5219-UU is repealed.

Sec. K-18. 36 MRSA §5403, sub-§2 is repealed.

Sec. K-19. Application. This Part applies to tax years beginning on or after January 1, 2025 and to any prior tax year as specifically provided by the United States Internal Revenue Code of 1986, amendments to that Code as of December 31, 2025, and as provided by Section 70302(f)(1) of the Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Public Law 119-21. Except that the section of this Part that repeals the Maine Revised Statutes, Title 36, section 5219-UU applies to tax years beginning on or after January 1, 2026.

PART K
SUMMARY

This Part:

- Updates references to the United States Internal Revenue Code of 1986 contained in the Maine Revised Statutes, Title 36 to refer to the United States Internal Revenue Code of 1986, as amended through December 31, 2025.

- Phases in Maine conformity with the IRC 174A(a) deduction for domestic research or experimental expenditures over the period of 2026 to 2030, with the exception of small businesses that meet the gross receipts test of IRC 448(c) which may apply IRC 174A(a) as specified in the Code and the Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Public Law 119-21.
- Allows a subtraction modification for charitable deductions claimed by non-itemizers on their federal income taxes equal to 50% of the federal deduction in tax year 2027 and 100% of the federal deduction in tax years after 2027.
- Decouples Maine from federal provisions allowing corporate taxpayers to immediately expense certain "qualified production property" constructed after January 19, 2025 and before January 1, 2029 and placed in service before January 1, 2031, by creating an addition modification to reflect the additional federal depreciation claimed in the first year, and by allowing subtraction modifications in subsequent years to reflect the depreciation taxpayers would have been eligible to receive in those years had they not elected to deduct them in the first year.
- Maintains the current Maine standard deduction for tax year 2025, increased the standard deduction for tax year 2026, and further increases by conforming the Maine standard deduction with the federal standard deduction for tax years beginning on or after January 1, 2027. It also repeals expired standard deduction and personal exemption provisions. In addition, it maintains the current references in the Maine dependent exemption tax credit to the federal child tax credit going forward and repeals provisions referencing the personal exemption which are no longer needed after the federal enactment of the Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Public Law 119-21.
- Updates a reference to global intangible low-taxed income to net CFC tested income to align with the federal income tax change.
- Repeals the employer credit for family and medical leave for tax years beginning on or after January 1, 2026.

PART M

Sec. M-1. 36 MRSA §383, sub-§4, as enacted by PL 2001, c. 32, §1, is amended to read:

4. Penalty for late filing. If the complete return and lists required by this section are not filed on time, the State Tax Assessor shall impose a penalty to be deducted from state reimbursement due to the municipality or primary assessing area pursuant to the following programs in the following order of priority:

A. Maine Tree Growth Tax Law, subchapter 2-A ~~section 578~~; and
~~B. Veterans' property tax exemptions, section 653; and~~

B. Maine resident homestead property tax exemption, subchapter 4-B ~~section 685~~.

For a municipality or primary assessing area with a population of 2,000 or less, the penalty is $50 for the first late day plus $10 for each late day thereafter. For a municipality or primary assessing area with a population of more than 2,000, the penalty is $100 for the first late day plus $20 for each late day thereafter.

Sec. M-2. 36 MRSA §653, sub-§3 is enacted to read:

3. Limitation. This section does not apply to property tax years beginning on or after April 1, 2027.

Sec. M-3. 36 MRSA §654-A, sub-§6 is enacted to read:

6. Limitation. This section does not apply to property tax years beginning on or after April 1, 2027.

Sec. M-4. 36 MRSA §681, sub-§2, as amended by PL 2005, c. 647, §2, is further amended to read:

2. Homestead. "Homestead" means any residential property~~, including cooperative property,~~ in this State assessed as real property owned by an applicant ~~or held in a revocable living trust for the benefit of the applicant~~ and occupied by the applicant as the applicant's permanent residence ~~or owned by a cooperative housing corporation and occupied as a permanent residence by a resident who is a qualifying shareholder~~. A "homestead" does not include any real property used solely for commercial purposes. For purposes of this subsection, "owned by an applicant" includes property held in a revocable living trust for the benefit of an applicant, property in which an applicant has a deeded life estate, and property owned by a cooperative housing corporation to the extent that property is occupied as a permanent residence by an applicant who is a qualifying shareholder.

Sec. M-5. 36 MRSA §681, sub-§4, as amended by PL 2009, c. 418, §1, is further amended to read:

4. Permanent resident. "Permanent resident" means an individual who has established a permanent residence. For purposes of this subchapter, a person on active duty serving in the Armed Forces of the United States who is permanently stationed at a military or naval post, station or base in this State is deemed to be a permanent resident. A member of the Armed Forces of the United States stationed in the State who applies for an exemption ~~shall~~ must present certification from the commander of the member's post, station or base or from the commander's designated agent that the member is permanently stationed at that post, station or base. For purposes of this subsection, "a person on active duty serving in the Armed Forces of the United States" does not include a member of the National Guard or the Reserves of the United States Armed Forces.

Sec. M-6. 36 MRSA §681, sub-§5, as enacted by PL 2005, c. 647, §3, is repealed.

Sec. M-7. 36 MRSA §681, sub-§6 is enacted to read:

6. Veteran. "Veteran" means an individual who was on active duty in the Armed Forces of the United States, and who, if discharged, retired or separated from the Armed Forces was discharged, retired or separated under other than dishonorable conditions. "Veteran" also includes:

(A) The unremarried widow or widower or minor child of a veteran who would be entitled to an exemption under this section if living, or who is in receipt of a pension or compensation from the Federal Government as the widow or widower or minor child of a veteran; and

(B) The parent of a deceased veteran who is 62 years of age or older and is an unremarried widow or widower who is in receipt of a pension or compensation from the Federal Government based upon the service-connected death of that parent's child.

Sec. M-8. 36 MRSA §681, sub-§7 is enacted to read:

7. Blind person. "Blind person" means an individual who is legally blind as determined by a properly licensed Doctor of Medicine, Doctor of Osteopathy or Doctor of Optometry.

Sec. M-9. 36 MRSA §682, as amended by PL 1997, c. 643, Pt. HHH, §3, is further amended to read:

The assessor ~~shall~~ must determine whether an applicant has a permanent residence in this State pursuant to this subchapter. In making a determination as to the intent of an individual to establish a permanent residence in this State, the assessor may consider the following:

Sec. M-10. 36 MRSA §683, sub-§6 is enacted to read:

6. Limitation. This section does not apply to property tax years beginning on or after April 1, 2027.

Sec. M-11. 36 MRSA §683-A is enacted to read:

§683-A. Homestead exemption.

1. Homestead property tax exemption. For property tax years beginning on or after April 1, 2027, up to $25,000 of the just value of the homestead of a permanent resident who has owned a homestead in this State for the preceding 12 months is exempt from taxation.

A. A homestead eligible for exemption under subsection 1 is eligible for an additional exemption if the permanent resident is a veteran, as follows:

(1) If the veteran does not have a service-connected disability rating as determined by the Veterans Administration or has a service-connected disability rating less than 60%, the homestead is eligible for an additional exemption of $5,000 of just value if the veteran is less than 62 years of age.

(2) If the veteran does not have a service-connected disability rating as determined by the Veterans Administration, or has a service-connected disability rating less than 60%, the homestead is eligible for an additional exemption of $6,000 of just value if the veteran is 62 years of age or older.

(3) If the veteran does not have a service-connected disability rating as determined by the Veterans Administration, or has a service-connected disability rating less than 60%, the homestead is eligible for an additional exemption of $7,000 of just value if the veteran served during or before World War I.

(4) If the veteran has a service-connected disability rating of 60% or greater, as determined by the Veterans Administration:

(a) For a veteran with a service-connected disability rating of 60%, the homestead is eligible for an additional exemption of up to $10,000 of just value.

(b) For a veteran with a service-connected disability rating of 70%, the homestead is eligible for an additional exemption of up to $20,000.

(c) For a veteran with a service-connected disability rating of 80%, the homestead is eligible for an additional exemption of up to $30,000.

(d) For a veteran with a service-connected disability rating of 90%, the homestead is eligible for an additional exemption of up to $40,000 of just value.

(e) For a veteran with a service-connected disability rating of 100%, the homestead is eligible for an additional exemption of up to $50,000 of just value.

(5) If the veteran has received a grant from the United States Government for a specially adapted housing unit under 38 United States Code, Section 2101, the homestead is eligible for an additional exemption of $50,000 of just value.

A veteran is not entitled to exemption under more than one subparagraph of this paragraph. An applicant seeking an additional exemption under this paragraph as the unremarried widow, widower, minor child, or parent of a deceased veteran is eligible for the additional exemption that the deceased veteran would be eligible for pursuant to this paragraph if living.

B. If the permanent resident is a blind person, the homestead is eligible for an additional exemption of up to $5,000 of just value.

2. Cooperative housing corporations. A cooperative housing corporation is eligible for an exemption under this section to be applied against the valuation of property of the corporation that is occupied by certain cooperative housing shareholders. The exemption for a cooperative housing corporation is equal to the total of all the exemptions that each shareholder would be entitled to under subsection 1 if the shareholder were the owner of the property. A cooperative housing corporation that receives an exemption pursuant to this section must apportion the property tax reduction resulting from the exemption among the cooperative housing shareholders who qualify for the exemption according to the proportion of the total exemption that each shareholder would be entitled to if the shareholder were the owner of property. Any supplemental assessment resulting from disqualification for exemption must be applied in the same manner against the qualifying shareholders for whom the disqualification applies.

3. Calculation of the exemption. In determining the local assessed value of the exemption provided for by this section, the assessor must multiply the amount of the exemption by the assessment ratio certified by the assessor pursuant to section 383. If the title to the homestead is held by the applicant jointly or in common with others, the exemption may not exceed the amounts provided for in section 1 but may be apportioned among the owners who reside on the property to the extent of their respective interests. A municipality responsible for administering the homestead exemption has no obligation to create separate accounts for each partial interest in a homestead owned jointly or in common.

Sec. M-12. 36 MRSA §684, sub-§1, as amended by PL 2025, c. 113, Pt. A, §2, is further amended to read:

1. Generally. The bureau shall provide to the assessor of each municipality access to forms to be filed by applicants for an exemption under this subchapter and shall determine the content of the forms. A municipality shall provide to its inhabitants reasonable notice of the availability of application forms. An individual claiming an exemption under this subchapter for the first time shall file the application form and proof of entitlement with the assessor or the assessor's representative. The application and proof of entitlement must be filed on or before April 1st of the year on which the taxes are based.

Sec. M-13. 36 MRSA §684, sub-§1-A is enacted to read:

1-A. Cooperative housing corporations. An application for exemption under this subchapter filed by a cooperative housing corporation must include a list of all eligible shareholders and any information required by the assessor to verify eligibility of those shareholders and the applicable exemption amount. The application must be updated annually to reflect changes in eligibility.

Sec. M-14. 36 MRSA §684, sub-§2-A is enacted to read:

2-A. Fraudulent transfer. Property conveyed to any person for the purpose of obtaining exemption under this subchapter is not entitled to the exemption, except for property conveyed between spouses. An applicant who obtains the exemption provided under this section by means of fraudulent conveyance is subject to a fine of $100, or up to 2 times the amount of the taxes evaded by the fraudulent conveyance, whichever amount is greater.

Sec. M-15. 36 MRSA §684, sub-§3, as amended by PL 2003, c. 13, §1, is further amended to read:

3. Continuation of eligibility. The assessor ~~shall~~ must evaluate annually the ongoing eligibility of property for which a homestead exemption has been approved under this subchapter. The evaluation must be based on the status of the property on April 1st of the year on which the homestead exemption is based. The evaluation must include, but is not limited to, a review of whether the ownership of the property has changed in any manner that would disqualify the property for an exemption under this subchapter or whether the owner has ceased to use the property as a homestead. Unless the assessor determines that the property is no longer entitled to an exemption under this subchapter, the owner is entitled to receive the exemption without having to reapply. If the assessor determines that the property is no longer entitled to an exemption under this subchapter, the assessor ~~shall~~ must notify the owner as provided in section 686 that the property is no longer entitled to an exemption under this subchapter. Notwithstanding section 683-A, subsection 1, a permanent resident of this State who loses ownership of a homestead in this State due to a tax lien foreclosure and subsequently regains ownership of the homestead from the municipality that foreclosed on the tax lien is deemed to have continuously owned the homestead and may not be determined ineligible for the exemption provided under this subchapter due to the ownership of the homestead by the municipality.

Notwithstanding subsection 1, any property which received a homestead exemption under section 683 for the tax year beginning April 1, 2026 shall be presumed to be eligible for exemption under subsection 1 for the tax year beginning on April 1, 2027, unless the assessor determines the property is no longer entitled to an exemption under this subchapter. Notwithstanding subsection 1, any property which received an exemption under section 653 for the tax year beginning April 1, 2026 shall be presumed to be eligible for the equivalent additional exemption under subsection 1, paragraph Afor the tax year beginning on April 1, 2027, unless the assessor determines the property is no longer entitled to an exemption under this subchapter. Notwithstanding subsection 1, any property which received an exemption under section 654-A for the tax year beginning April 1, 2026 shall be presumed to be eligible for the additional exemption under subsection 1, paragraph B for tax years beginning on April 1, 2027, unless the assessor determines the property is no longer entitled to an exemption under this subchapter.

If the assessor determines that the property is no longer entitled to any exemption or exemptions under this subchapter, the assessor shall notify the owner of that determination as provided in section 686.

Sec. M-16. 36 MRSA §684, sub-§4, as enacted by PL 1997, c. 643, Pt. HHH, §3, is amended to read:

4. Owner notification. An owner of property receiving an exemption under this subchapter ~~shall~~ must notify the assessor promptly when the, ~~ownership or~~ ownership of the property, ~~or~~ use of the property, or status of the owner changes so as to update the eligibility ~~change the qualification~~ of the property for an exemption under this subchapter.

Sec. M-17. 36 MRSA §684, sub-§5 is enacted to read:

5. Confidentiality. Notwithstanding Title 1, chapter 13, an application and proof of entitlement filed pursuant to this subsection for the additional exemption for veterans under section 683-A, subsection 1, paragraph A are confidential and may not be made available for public inspection. Proof of entitlement must be made available to the bureau upon request.

Sec. M-18. 36 MRSA §685, sub-§6 is enacted to read:

6. Effect of reimbursement. A percentage of the just value of all the homestead exemptions granted under this subchapter in each municipality must be included in the total municipal valuation used to determine the municipal tax rate and must be included in the annual determination of state valuation under sections 208 and 305. The percentage for each property tax year is the same as the percentage of state reimbursement under subsection 2.

Sec. M-19. 36 MRSA §841, sub-§4, as amended by PL 2025, c. 113, Pt. D, §38, is repealed.

Sec. M-20. 36 MRSA §841, sub-§4-A is enacted to read:

4-A. Surviving relatives of deceased veterans. Notwithstanding failure to comply with section 706-A, the assessors, on written application within one year from the date of commitment, may make such abatement as they think proper for the surviving relative of a veteran who died during the 12-month period preceding the April 1st for which the tax was committed, if the surviving relative would be entitled to the additional exemption under section 683-A, subsection 1, paragraph A, except for the failure of the surviving relative to file a timely application and proof of entitlement as required by section 684. For purposes of this subsection, "surviving relative" is limited to those persons described in section 681, subsection 6, paragraphs A and B.

Sec. M-21. 36 MRSA §5219-KK, sub-§2-E, as amended by PL 2023, c. 360, Pt. B, §14, is further amended to read:

2-E. Permanently and totally disabled veterans; additional credit. For tax years beginning on or after January 1, 2023, in addition to the credit under subsection 2-D, a resident individual who is a veteran who is 100% permanently and totally disabled is allowed an additional credit against the taxes imposed under this Part in an amount equal to the amount calculated under subsection 2-D. The combined credit under subsection 2-D and this subsection may not exceed the property taxes paid by the resident individual or the bureau pursuant to chapter 908 on behalf of the resident individual during the tax year on the resident individual's homestead in this State and rent constituting property taxes paid by the resident individual during the tax year on a homestead in the State, combined. In the case of married individuals filing a joint return, only one spouse is required to be a veteran who is 100% permanently and totally disabled to qualify for the additional credit allowed under this subsection. For the purposes of this subsection, "100% permanently and totally disabled" means having a rating by the United States Department of Veterans Affairs at 100% for one or more service-connected disabilities that are rated permanent and "veteran" ~~has the same meaning as in section 653 , subsection 1, paragraph E~~ means an individual who was on active duty in the Armed Forces of the United States and who, if discharged, retired or separated from the Armed Forces, was discharged, retired or separated under other than dishonorable conditions.

Sec. M-22. 36 MRSA §6234, sub-§1, ¶B, as enacted by PL 2021, c. 69, §1, is further amended to read:

B. "Veteran" has the same meaning as in section ~~653~~ 681, subsection ~~1,~~ 6. ~~paragraph E and includes any family members eligible for an exemption under that subsection~~.

Sec. M-23. Guidance. The assessor shall publish updated guidance implementing and explaining the consolidated homestead exemption, including the transition and continuation of eligibility provision under §B-15 of this Act.

PART M
SUMMARY

This Part consolidates the existing homestead, veterans, and blind exemption into one tiered homestead exemption.

- Base exemption is $25,000, with additional tiers for blind persons and veterans.
- Levels of additional exemption for veterans depending on their age and disability ratings.
- New veterans' additional exemption eliminates complicated service period and age/disability requirements that exist in current veterans' exemption (all veterans are eligible for at least some exemption).
- Repeals existing veterans and blind exemption.

- Better organizes administrative provisions for the homestead exemption.
- Adds municipal reimbursement for all veterans and blind (since they are now part of homestead) at the existing homestead reimbursement rate (76%).
- Amends the abatement and the municipal veterans' assistance program statutes to reflect new veterans' exemption language.
- Removes a reference to the existing veterans' exemption and adds a definition of "veteran" to the Property Tax Fairness Credit statute.
- Directs the State Tax Assessor to publish updated guidance implementing and explaining the consolidated homestead exemption, including the transition and continuation of eligibility provisions of section B-15 of this Act.

PART N

Sec. N-1. 36 MRSA §5122, sub-§1, ¶QQ is enacted to read:

QQ. For tax years beginning on or after January 1, 2026, the amount equal to the taxpayer's distributive share of the tax imposed by Chapter 815, Subchapter 3 and the taxpayer's distributive share of the tax imposed by another state of the United States, a political subdivision of any such state, or the District of Columbia that is substantially the same as the tax imposed under Chapter 815, Subchapter 3.

Sec. N-2. 36 MRSA §5190, as amended by PL 2019, c. 380, §1, is further amended to read:

A partnership is not subject to the tax imposed by this Part. Persons carrying on business as partners are liable for the tax imposed by this Part only in their separate or individual capacities. This section does not apply to the taxes imposed by chapters 819 and 827, or the tax imposed on partnership audit adjustments pursuant to subchapter 2, and as provided by subchapter 3.

Sec. N-3. 36 MRSA Chapter 815, Subchapter 3 is enacted to read:

SUBCHAPTER 3

PASS-THROUGH ENTITY TAX

§ 5199. Pass-through entity tax

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. Distributive share of income. "Distributive share of income" means the net of the portion of income, gain, loss, and deduction derived from or connected with sources in this State, as provided by section 5142, for the taxable year from the pass-through entity, including guaranteed payments, entering into to the owner's federal adjusted gross income in the case of an individual or federal taxable income in the case of a trust or an estate. For purposes of this subchapter, the distributive share of income for an owner is zero if the amount determined in accordance with this paragraph is zero or less.

B. Distributive share of tax. "Distributive share of tax" means the tax paid by an electing pass-through entity pursuant to subsection 3 multiplied by a ratio equal to the qualified member's distributive share of income divided by the pass-through entity taxable income.

C. Electing pass-through entity. "Electing pass-through entity" means a pass-through entity that has elected for the taxable year to be subject to the tax imposed by this subchapter.

D. Pass-through entity. "Pass-through entity" means:

(1) a partnership pursuant to the Code, section 7701(a)(2) and the federal regulations adopted pursuant to that section, excluding a publicly traded partnership as defined in the Code, section 7704; and

(2) an entity classified as an S corporation under the Code for federal income tax purposes.

Pass-through entity does not include an entity subject to tax under Chapter 819.

E. Pass-through entity taxable income. "Pass-through entity taxable income" means the aggregate total of distributive share of income of all qualified members for the taxable year increased by the amount of the tax imposed on the entity by this subchapter and by the amount of the tax imposed on the entity by another state of the United States, a political subdivision of any such state, or the District of Columbia that is substantially the same as the tax imposed under this subchapter.

F. Qualified member. "Qualified member" means an individual, trust, or estate that is a direct owner partner or shareholder in an electing pass-through entity, except that qualified member does not include an organization exempt from tax under the Code § 501. A direct owner includes a qualified member whose ownership in the electing pass-through entity is held through an entity that is disregarded under the Code for federal income tax purposes.

2. Election. The election is declared annually on a timely filed return by the pass-through entity, including any extension granted for filing such return. The election is irrevocable after the due date, including any extension granted, for filing such return.

3. Imposition of tax. Notwithstanding any provision of law to the contrary, for every taxable year beginning on or after January 1, 2026, a tax is imposed on every electing pass-through entity. For each taxable year, the tax is equal to the pass-through entity taxable income multiplied by the highest marginal tax rate under section 5111. The tax imposed by this subsection may not be reduced by any of the credits contained in Chapter 822. Notwithstanding any provision of law to the contrary, for all budgetary accounting purposes receipts from the tax imposed by this subsection is individual income tax revenue and must be treated for such purposes in the same manner as receipts from the tax imposed by Chapter 803.

3-A. Estimated tax on behalf of nonresident qualified members. For every taxable year beginning on or after January 1, 2026, the pass-through entity subject to the tax under this subchapter must pay, in addition to the tax under subsection 3, an estimated tax on behalf its nonresident qualified members in an amount equal to 10% of the amount of the tax required to be reported to each nonresident qualified member for the taxable year by the electing pass-through entity in accordance with subsection 6. The electing pass-through entity must, no later than 30 days following the date the Maine return of the electing pass-through entity is due in accordance with subsection 4, without regard to any extension, report to each nonresident qualified member the amount of the estimated tax paid by the pass-through entity for the taxable year on behalf of the nonresident qualified member. Notwithstanding any provision of law to the contrary, for all budgetary accounting purposes receipts from the tax imposed by this subsection is individual income tax revenue and must be treated for such purposes in the same manner as receipts from the tax imposed by Chapter 803.

4. Filing of returns. An electing pass-through entity shall file a return with respect to the tax imposed by this subchapter on such forms as may be required by the State Tax Assessor. The return must contain such information as required by the State Tax Assessor, including the name and federal identification number of each qualified member and, for the taxable year, each qualified member's distributive share of income, distributive share of the tax paid by the electing pass-through entity pursuant to this subchapter, the amount of the estimated tax paid by the entity under subsection 3-A, and the distributive share of the tax paid to another state of the United States, a political subdivision of any such state, or the District of Columbia that is substantially the same as the tax imposed by this subchapter. The return required by this subsection shall be filed, along with any tax due, on or before the 15^{th} day of the 3^{rd} month following the end of the electing pass-through entity's taxable year for federal income tax purposes. The return, including related schedules and worksheets, required by this subsection must be filed with the bureau by electronic data submission.

Notwithstanding the requirement to file an amended return pursuant to section 5227-A, an electing pass-through entity may not amend a return filed under this subchapter without the written consent of, or as otherwise authorized by, the assessor.

5. Nonresident Qualified Member Filing Exception. A qualified member of an electing pass-through entity who is a nonresident individual for the entire taxable year pursuant to section 5102, subsection 3 is not required to file an income tax return pursuant to section 5220, subsection 2 for the same taxable year if the member's entire Maine adjusted gross income, including a spouse's income in the case of married individuals filing a joint federal return, is from one or more electing pass-through entities; the pass-through entity or entities file and pay the tax due under this subchapter; and, the qualified member's credit provided by section 5219-CCC plus the estimated tax amount paid by the electing pass-through entity on behalf of the nonresident qualified member in accordance with subsection 3-A, is sufficient to satisfy the Maine individual income tax liability of the member and the member's spouse for that taxable year.

A qualified member of an electing pass-through entity who is a nonresident trust or estate for the entire taxable year pursuant to section 5102, subsection 2 is not required to file an income tax return pursuant to section 5220, subsection 4 for the same taxable year if the member has its entire Maine-source income for the taxable year from one or more electing pass-through entities; would have included such income as Maine taxable income if it were to file an income tax return for that year; has not distributed any of its Maine-source income for the taxable year to its beneficiaries as distributable net income; the electing pass-through entity or entities file and pay the tax due under this subchapter; and, the member's credit provided by section 5219-CCC plus the estimated tax amount paid by the electing pass-through entity on behalf of the nonresident qualified member in accordance with subsection 3-A, is sufficient to satisfy the Maine income tax liability for that taxable year.

6. Reporting tax to members. For purposes of the credit under section 5219-CCC, the electing pass-through entity must, no later than 30 days following the date the Maine return of the electing pass-through entity is due in accordance with subsection 4, report to each qualified member their distributive share of the tax paid by the pass-through entity under subsection 3. The amount reported to each qualified member must equal the member's distributive share of the tax under this subchapter based on the member's ownership interest in the entity or in accordance with the shareholder or partnership agreement, except that the amount reported to a qualified member that is a nonresident individual, trust, or estate is equal to that member's distributive share of the tax imposed with respect to the income, gain, loss, and deductions derived from or connected with sources in this State, as provided by section 5142. Each member report must clearly identify the member's name and federal employer identification number or social security number, the member's ownership interest in the entity, whether the member was resident or nonresident of Maine during the taxable year, each qualified member's distributive share of income, and the distributive share of the tax paid to another state of the United States, a political subdivision of any such state, or the District of Columbia that is substantially the same as the tax imposed by this subchapter, and any other information that may be required by the State Tax Assessor.

7. Estimated taxes. Estimated taxes are required with respect to the tax imposed under subsection 3 in accordance with the provisions of this subsection.

A. Definitions. As used in this subsection, unless the context otherwise indicates, the following terms have the following meanings.

(1) "Allowable credits" means the total amount of any payments with regard to a taxpayer which have been or will be paid to the Bureau of Revenue Services prior to the date the payment against which they are to be used as a credit is due and which are available to offset any estimated tax liability under this subsection.

(2) "Estimated tax" means the total amount of tax that an electing pass-through entity estimates will be due for a taxable year under this subchapter, excluding the estimated tax liability under subsection 3-A, less any allowable credits for that taxable year.

(3) "Period of underpayment" is the period of time from the date the estimated tax installment is due until the underpayment is satisfied or until the tax return to which the estimated tax installment applies is due, whichever is less.

B. Requirement to pay estimated tax. Every person subject to taxation under this subchapter shall make payment of estimated tax as required by this subchapter. The requirement to make estimated tax payments is waived if:

(1) The electing pass-through entity's tax liability pursuant to this subchapter, excluding the estimated tax liability under subsection 3-A, reduced by allowable credits for the taxable year is less than $1,000 for the taxable year; or

(2) The electing pass-through entity had less than $1,000 tax liability under this subchapter, excluding the estimated tax liability under subsection 3-A, for the preceding taxable year.

C. Amount of estimated tax to be paid. Every electing pass-through entity required to make payment of estimated tax under this subchapter is liable for an estimated tax that is no less than the smaller of:

(1) An amount equal to the electing pass-through entity's tax liability under this subchapter, excluding the estimated tax liability under subsection 3-A, for the preceding taxable year, if that preceding year was a taxable year of 12 months; and

(2) An amount equal to 90% of the electing pass-through entity's tax liability under this subchapter, excluding the estimated tax liability under subsection 3-A, for the current taxable year.

D. Due dates for estimated tax installments. An installment payment is due the 15th day of the 4th, 6th, 9th and 12th month following the beginning of the electing pass-through entity's taxable year.

E. Amount of installment. The amount of estimated tax to be paid in a taxable year by an electing pass-through entity is to be paid in installments by the dates established in this subsection. The amount of the estimated tax is to be paid in 4 equal installments unless the taxpayer establishes by adequate record the actual distribution of tax liability and allowable credits, or both, in which case, the amount of the installment payments should be adjusted accordingly and be determined in accordance with the portion of the electing pass-through entity's estimated tax liability applicable to that portion of the electing pass-through entity's taxable year completed by the close of the month preceding the installment's due date less estimated tax payments already made for the taxable year.

F. Penalty. A penalty shall accrue automatically on underpayments of the required installment amount for the period of underpayment at the rate provided pursuant to section 186. For cause, the State Tax Assessor may waive or abate all or any part of the penalty.

G. Short taxable year. For a taxable year of less than 12 months, the estimated tax must be paid in full by the 15th day of the last month of the taxable year. For payment dates falling within the short taxable year, payment must be made as provided in paragraph D.

H. Installments paid in advance. At the election of the electing pass-through entity, any installment of estimated tax may be paid prior to the date prescribed for its payment.

8. Interest on refunds prohibited. Notwithstanding any provision of this Title to the contrary, interest may not be paid by the assessor on an overpayment of the tax imposed by this subchapter.

Sec. N-4. 36 MRSA §5217-A as amended by PL 2003, c. 673, Pt. JJ, §4 and affected by PL 2003, c. 673, Pt. JJ, §6, is further amended to read:

A resident individual is allowed a credit against the tax otherwise due under this Part, excluding the tax imposed by section 5203-C, for the amount of 1) income tax imposed on that individual for the taxable year plus, if the other jurisdiction imposes an income tax on the individual, trust, or estate that is substantially similar to the income tax imposed on such individual, trust, or estate under this Part, 2) the amount of the individual's distributive share of the tax imposed on a pass-through entity that is substantially similar to the tax imposed under Chapter 815, Subchapter 3 reduced by any refundable credits to the extent they reduce the income tax imposed on the individual below zero, by another state of the United States, a political subdivision of any such state, the District of Columbia or any political subdivision of a foreign country that is analogous to a state of the United States with respect to income subject to tax under this Part that is derived from sources in that taxing jurisdiction. In determining whether income is derived from sources in another jurisdiction, the assessor may not employ the law of the other jurisdiction but shall instead assume that a statute equivalent to section 5142 applies in that jurisdiction. The credit, for any of the specified taxing jurisdictions, may not exceed the proportion of the tax otherwise due under this Part, excluding the tax imposed by section 5203-C, that the amount of the taxpayer's Maine adjusted gross income derived from sources in that taxing jurisdiction bears to the taxpayer's entire Maine adjusted gross income; except that, when a credit is claimed for taxes paid to both a state and a political subdivision of a state, the total credit allowable for those taxes does not exceed the proportion of the tax otherwise due under this Part, excluding the tax imposed by section 5203-C, that the amount of the taxpayer's Maine adjusted gross income derived from sources in the other state bears to the taxpayer's entire Maine adjusted gross income.

Sec. N-5. 36 MRSA § 5219-CCC is enacted to read:

§ 5219-CCC. Credit for pass-through entity tax paid

A qualified member, as defined by Chapter 815, Subchapter 3, is allowed a credit against the tax imposed by this Part equal to 90% of the amount of the tax required to be reported to the member for the taxable year by the electing pass-through entity in accordance with section 5199, subsection 6. The credit authorized by this section is refundable. No credit shall be allowed under this section unless the electing pass-through entity paid the tax imposed under Chapter 815, Subchapter 3 and provided sufficient information on the pass-through entity tax return as prescribed by the assessor to identify that member and the member's distributive share of the tax paid by the entity. The provisions of section 5219-G, subsection 2 may not be applied to the credit allowed under this section.

Sec. N-6. 36 MRSA §5228, sub-§ 1, ¶B as amended by PL 2007, c. 438, §105 is further amended to read:

B. "Estimated tax" means the total amount of tax that a person estimates will be due for a taxable year under this Part, exclusive of a withholder's liability for taxes withheld and the tax imposed by Chapter 815, Subchapter 3, less any allowable credits for that taxable year.

Sec. N-7. 36 MRSA §5231, sub-§ 1-A as amended by PL 2023, c. 441, Pt. C, §7 and affected by PL 2023, c. 441, Pt. C §11, is further amended to read:

1-A. Federal extension. When an individual, estate or trust is granted an extension of time within which to file a federal income tax return for any taxable year, an extension to file the taxpayer's income tax return with respect to the tax imposed by this Part is automatically granted for an equivalent period from the date prescribed for filing the return. When a taxable corporation, an electing pass-through entity under Chapter 815, Subchapter 3, or a financial institution subject to the tax imposed by chapter 819 is granted an extension of time within which to file its federal income tax return for any taxable year, an extension to file the taxpayer's income tax or franchise tax return with respect to the tax imposed by this Part is automatically granted for an equivalent period from the date prescribed for filing the return plus 30 days.

Sec. N-8. Application. This Part applies to taxable years beginning on or after January 1, 2026.

PART N
SUMMARY

This Part enacts a pass-through entity tax for tax years beginning on or after January 1, 2026. The tax applies to each taxable year that the pass-through entity elects to be subject to the tax. The tax is equal to the distributive share of income of all qualified members (individuals, trusts, estates) multiplied by the highest marginal individual income tax rate, which is currently 7.15%. Qualified members may claim a refundable income tax credit equal to 90% of their distributive share of the pass-through entity tax paid. Qualified members who are non-residents included in a Maine pass-through entity return would not be required to file a separate income tax return for the taxable year if certain criteria are met. The credit for income taxes paid to other taxing jurisdictions is expanded to include, in addition to income taxes imposed on that individual, also the distributive share of the tax imposed on a pass-through entity that is substantially similar to the tax imposed under the new Maine pass-through entity tax so long as the other jurisdiction imposes an income tax that is substantially similar to the income tax imposed by on the individual, trust, or estate under Maine Revised Statutes, Title 36, Part 8.

PART O

Sec. O-1. 36 MRSA §6652, sub-§4, as amended by PL 2013, c. 368, Pt. K, §1 is further amended to read:

4. Reimbursement percentage. The reimbursement under this chapter is an amount equal to the percentage specified in paragraphs A and B of taxes assessed and paid with respect to each item of eligible property, except that for claims filed for application periods that begin on August 1, 2006, August 1, 2009, August 1, 2010 or August 1, 2013 the reimbursement is 90% of that amount and for claims filed for the application period that begins on August 1, 2014, the reimbursement is 80% of that amount<u>, and for claims filed for the application period that begins on August 1, 2026, the reimbursement is 50% of that amount</u>.

Sec. O-2. 36 MRSA §6654, as amended by PL 2001, c. 714, Pt. BB, §1 is further amended to read:

A person entitled to reimbursement of property taxes paid with respect to eligible property pursuant to section 6652 may file a claim for reimbursement with the State Tax Assessor. The reimbursement claim must be filed with the State Tax Assessor on or after August 1st and on or before the following December 31st for property taxes paid during the preceding calendar year for which no previous reimbursement pursuant to this chapter has been made. For good cause, the State Tax Assessor may at any time extend the time for filing a claim for reimbursement for a period not exceeding 60 days from the original due date. <u>No claims may be filed under this chapter after March 1, 2027.</u> Except as otherwise provided, the claim must be accompanied by the statement obtained by the claimant pursuant to section 6653. If the claimant requests reimbursement of an amount of tax that differs from the amount of tax specified for the eligible property in the statement provided by the assessor or assessors of the taxing jurisdiction, the claimant must attach to the claim form an explanation of the reasons for that difference and the State Tax Assessor shall determine the correct amount of reimbursement to which the claimant is entitled, taking into consideration both the statement from the assessor or assessors and the taxpayer's explanation. If, for any reason, the claimant is unable to obtain the statement specified in section 6653 from the assessor or assessors within the time specified in section 6653, the claimant must attach to the claim form an explanation of the amount of reimbursement requested and the State Tax Assessor shall process the claim without that statement.

Sec. O-3. 36 MRSA §6656, sub-§2, as amended by PL 2009, c. 337, §11, is further amended to read:

2. Pay certified amounts. The assessor shall pay the certified amounts to each approved applicant that qualifies for the benefit under this chapter by November 1st or within 90 days after receipt of the claim, whichever is later. Interest is not allowed on any payment made to a claimant pursuant to this chapter. <u>No payments shall be made after November 1, 2027.</u>

PART O
SUMMARY

This Part sunsets the Business Equipment Tax Reimbursement (BETR) program.

- Reimbursement is 50% for taxes paid during calendar year 2025.
- The final returns for the program must be filed by March 1, 2027, covering property tax payments made during calendar year 2026.
- MRS will make the final reimbursements under the program on or before November 1, 2027.

Attachment 1
TAX Supplemental Voting Report

Ref. #3 (p. 1, Sec. A-1)
Date: 3/3/36
Vote: IN 8-5

	Yes	**No**	**Absent**
Sen. N. Grohoski	✓		
Sen. B. Bickford	✓		
Sen. M. Tipping	✓		
Rep. D. Sayre	✓		
Rep. E. Crockett	✓		
Rep. G. Friedmann	✓		
Rep. T. Lavigne		✓	
Rep. A. Matlack	✓		
Rep. T. Quint		✓	
Rep. S. Rudnicki		✓	
Rep. S. Harriman	✓		
Rep. G. Swallow		✓	
Rep. R. White		✓	

Ref. #4 (p. 1, Sec. A-1)
Date: 3/3/26
Vote: IN 8-5

	Yes	**No**	**Absent**
Sen. N. Grohoski	✓		
Sen. B. Bickford	✓		
Sen. M. Tipping	✓		
Rep. D. Sayre	✓		
Rep. E. Crockett	✓		
Rep. G. Friedmann	✓		
Rep. T. Lavigne		✓	
Rep. A. Matlack	✓		
Rep. T. Quint		✓	
Rep. S. Rudnicki		✓	
Rep. S. Harriman	✓		
Rep. G. Swallow		✓	
Rep. R. White		✓	

Ref. #5 (p. 1, Sec. A-1)
Date: 3/3/26
Vote: IN 7-6

	Yes	**No**	**Absent**
Sen. N. Grohoski	✓		
Sen. B. Bickford		✓	
Sen. M. Tipping	✓		
Rep. D. Sayre	✓		
Rep. E. Crockett	✓		
Rep. G. Friedmann	✓		
Rep. T. Lavigne		✓	
Rep. A. Matlack	✓		
Rep. T. Quint		✓	
Rep. S. Rudnicki		✓	
Rep. S. Harriman	✓		
Rep. G. Swallow		✓	
Rep. R. White		✓	

Ref. #6 (p. 2, Sec. A-1)
Date: 2/26/26
Vote: IN 13-0

	Yes	**No**	**Absent**
Sen. N. Grohoski	✓		
Sen. B. Bickford	✓		
Sen. M. Tipping	✓		
Rep. D. Sayre	✓		
Rep. E. Crockett	✓		
Rep. G. Friedmann	✓		
Rep. T. Lavigne	✓		
Rep. A. Matlack	✓		
Rep. T. Quint	✓		
Rep. S. Rudnicki	✓		
Rep. S. Harriman	✓		
Rep. G. Swallow	✓		
Rep. R. White	✓		

Ref. #7 (p. 2, Sec. A-1)
Date: 3/5/26
Vote: IN 12-0

	Yes	No	Absent
Sen. N. Grohoski	✓		
Sen. B. Bickford	✓		
Sen. M. Tipping	✓		
Rep. D. Sayre	✓		
Rep. E. Crockett			✓
Rep. G. Friedmann	✓		
Rep. T. Lavigne	✓		
Rep. A. Matlack	✓		
Rep. T. Quint	✓		
Rep. S. Rudnicki	✓		
Rep. S. Harriman	✓		
Rep. G. Swallow	✓		
Rep. R. White	✓		

Ref. #689 (p. 3, Sec. A-31)
Date: 2/26/26
Vote: IN 13-0

	Yes	No	Absent
Sen. N. Grohoski	✓		
Sen. B. Bickford	✓		
Sen. M. Tipping	✓		
Rep. D. Sayre	✓		
Rep. E. Crockett	✓		
Rep. G. Friedmann	✓		
Rep. T. Lavigne	✓		
Rep. A. Matlack	✓		
Rep. T. Quint	✓		
Rep. S. Rudnicki	✓		
Rep. S. Harriman	✓		
Rep. G. Swallow	✓		
Rep. R. White	✓		

Ref. #685 (p. 3, Sec. A-31)
Date: 2/26/26
Vote: IN 13-0

	Yes	**No**	**Absent**
Sen. N. Grohoski	✓		
Sen. B. Bickford	✓		
Sen. M. Tipping	✓		
Rep. D. Sayre	✓		
Rep. E. Crockett	✓		
Rep. G. Friedmann	✓		
Rep. T. Lavigne	✓		
Rep. A. Matlack	✓		
Rep. T. Quint	✓		
Rep. S. Rudnicki	✓		
Rep. S. Harriman	✓		
Rep. G. Swallow	✓		
Rep. R. White	✓		

Part K (p. 5)

The Taxation Committee did not take a vote on Part K as a whole. Instead, the Committee voted on each of the 33 conformity items listed in the Appendix, Tables A-C of the Consolidated Report on Maine Tax Conformity and the Provisions of Federal Public Law No. 119-21, dated February 26, 2026, prepared by the Department of Administrative and Financial Services, Maine Revenue Services, Office of Tax Policy (the "Consolidated Report"). A copy of the Consolidated Report, Appendix, Tables A-C is included with this report back as Attachment 1-A.

The Governor's supplemental budget proposal includes many of the items listed in Attachment 1-A, with and without deviation from federal law, and excludes others. The purpose of voting on the items as listed in Attachment 1-A was to allow members to compare the Governor's proposal against federal law and provide input and/or recommendations on all items relevant to Maine's consideration of conformity with the One Big Beautiful Bill Act ("OB3"). For ease of comparison, a copy of Appendix A, Table A of Commissioner Clark's testimony on LD 2212 (i.e., conformity items as proposed in the Governor's supplemental budget) is included with this report back as Attachment 1-B.

The 33 conformity items listed in Attachment 1-A are divided into three categories:

1. Table A: Direct Conformity – Individual Income Tax Items
2. Table B: Direct Conformity – Business Tax Items
3. Table C: Indirect Conformity Items Relevant to Maine's Consideration of the 2025 Act

Detailed explanations of direct and indirect conformity are provided in the Consolidated Report and Commissioner Clark's testimony on LD 2212. The Taxation Committee's votes on conformity items are provided below.

Table A, items 1-7
Date: 3/3/26
Motion: IN as proposed by the Governor. This means full direct conformity with federal law.
Vote: 13-0

	Yes	No	Absent
Sen. N. Grohoski	✓		
Sen. B. Bickford	✓		
Sen. M. Tipping	✓		
Rep. D. Sayre	✓		
Rep. E. Crockett	✓		
Rep. G. Friedmann	✓		
Rep. T. Lavigne	✓		
Rep. A. Matlack	✓		
Rep. T. Quint	✓		
Rep. S. Rudnicki	✓		
Rep. S. Harriman	✓		
Rep. G. Swallow	✓		
Rep. R. White	✓		

Table B, items 8 & 9
Date: 3/3/26
Motion: Continue to decouple from federal law as proposed by the Governor.
Vote: 12-1
Minority: Full conformity with federal law by choosing not to decouple.

	Yes	No	Absent
Sen. N. Grohoski	✓		
Sen. B. Bickford	✓		
Sen. M. Tipping	✓		
Rep. D. Sayre	✓		
Rep. E. Crockett	✓		
Rep. G. Friedmann	✓		
Rep. T. Lavigne	✓		
Rep. A. Matlack	✓		
Rep. T. Quint	✓		
Rep. S. Rudnicki		✓	
Rep. S. Harriman	✓		
Rep. G. Swallow	✓		

Rep. R. White	✓		

Table B, item 10
Date: 3/4/26
Motion: IN as proposed by the Governor. This means full direct conformity for small businesses and phase-in to full conformity for others.
Vote: 6-5
Minority: Full conformity for all businesses starting January 1, 2026.

	Yes	No	Absent
Sen. N. Grohoski	✓		
Sen. B. Bickford		✓	
Sen. M. Tipping	✓		
Rep. D. Sayre	✓		
Rep. E. Crockett	✓		
Rep. G. Friedmann			✓
Rep. T. Lavigne		✓	
Rep. A. Matlack	✓		
Rep. T. Quint		✓	
Rep. S. Rudnicki		✓	
Rep. S. Harriman	✓		
Rep. G. Swallow		✓	
Rep. R. White			✓

Table B, items 11-18, 20-23, 25-26
Date: 3/3/26
Motion: IN as proposed by the Governor. This means full direct conformity with the exception of item #20, the Paid Family Medical Leave Credit (#20), which the Governor proposes to repeal. As noted in Commissioner Clark's testimony and the Consolidated Report, Maine recently enacted a new Paid Family and Medical Leave (PFML) program that goes into effect in 2026.
Vote: 13-0

	Yes	No	Absent
Sen. N. Grohoski	✓		
Sen. B. Bickford	✓		
Sen. M. Tipping	✓		
Rep. D. Sayre	✓		
Rep. E. Crockett	✓		
Rep. G. Friedmann	✓		
Rep. T. Lavigne	✓		
Rep. A. Matlack	✓		

Rep. T. Quint	✓		
Rep. S. Rudnicki	✓		
Rep. S. Harriman	✓		
Rep. G. Swallow	✓		
Rep. R. White	✓		

Table B, item 19
Date: 3/4/26
Motion: IN as proposed by the Governor, meaning full direct conformity with federal law.
Vote: 11-0

	Yes	**No**	**Absent**
Sen. N. Grohoski	✓		
Sen. B. Bickford	✓		
Sen. M. Tipping	✓		
Rep. D. Sayre	✓		
Rep. E. Crockett	✓		
Rep. G. Friedmann			✓
Rep. T. Lavigne	✓		
Rep. A. Matlack	✓		
Rep. T. Quint	✓		
Rep. S. Rudnicki	✓		
Rep. S. Harriman	✓		
Rep. G. Swallow	✓		
Rep. R. White			✓

Table B, item 24
Date: 3/4/26
Motion: IN as proposed by the Governor, meaning full direct conformity with federal law.
Vote: OUT 9-1
Minority: Senator Bickford supports the permanent renewal and enhancement of opportunity zones. This is a direct conformity item included in the Governor's budget.

	Yes	**No**	**Absent**
Sen. N. Grohoski		✓	
Sen. B. Bickford	✓		
Sen. M. Tipping		✓	
Rep. D. Sayre		✓	
Rep. E. Crockett			✓

Rep. G. Friedmann			✓
Rep. T. Lavigne		✓	
Rep. A. Matlack		✓	
Rep. T. Quint		✓	
Rep. S. Rudnicki		✓	
Rep. S. Harriman		✓	
Rep. G. Swallow		✓	
Rep. R. White			✓

Table C, item 27
Date: 3/3/26
Motion: IN as proposed by the Governor
Vote: 7-6
Minority: Full conformity

	Yes	**No**	**Absent**
Sen. N. Grohoski	✓		
Sen. B. Bickford		✓	
Sen. M. Tipping	✓		
Rep. D. Sayre	✓		
Rep. E. Crockett	✓		
Rep. G. Friedmann	✓		
Rep. T. Lavigne		✓	
Rep. A. Matlack	✓		
Rep. T. Quint		✓	
Rep. S. Rudnicki		✓	
Rep. S. Harriman	✓		
Rep. G. Swallow		✓	
Rep. R. White		✓	

Table C, item 28
Date: 3/3/26
Motion: IN as proposed by the Governor, meaning full indirect conformity.
Vote: 13-0

	Yes	**No**	**Absent**
Sen. N. Grohoski	✓		
Sen. B. Bickford	✓		
Sen. M. Tipping	✓		
Rep. D. Sayre	✓		
Rep. E. Crockett	✓		
Rep. G. Friedmann	✓		

Rep. T. Lavigne	✓		
Rep. A. Matlack	✓		
Rep. T. Quint	✓		
Rep. S. Rudnicki	✓		
Rep. S. Harriman	✓		
Rep. G. Swallow	✓		
Rep. R. White	✓		

Table C, item 29
Date: 3/3/26
Motion: OUT – do not adopt the Governor's proposal or conform to federal law.
Vote: OUT 6-4-3

	OUT	**IN (full conformity**	**IN (Governor's proposal)**
Sen. N. Grohoski	✓		
Sen. B. Bickford			✓
Sen. M. Tipping	✓		
Rep. D. Sayre	✓		
Rep. E. Crockett	✓		
Rep. G. Friedmann	✓		
Rep. T. Lavigne		✓	
Rep. A. Matlack			✓
Rep. T. Quint		✓	
Rep. S. Rudnicki		✓	
Rep. S. Harriman	✓		
Rep. G. Swallow			✓
Rep. R. White		✓	

Table C, items 30-33
Date: 3/3/26
Vote: OUT 7-4-2

	OUT (Governor's proposal)	**IN (full conformity starting tax year 2026)**	**IN (full conformity starting tax year 2025)**
Sen. N. Grohoski	✓		
Sen. B. Bickford		✓	
Sen. M. Tipping	✓		

Rep. D. Sayre	✓		
Rep. E. Crockett	✓		
Rep. G. Friedmann	✓		
Rep. T. Lavigne			✓
Rep. A. Matlack	✓		
Rep. T. Quint		✓	
Rep. S. Rudnicki			✓
Rep. S. Harriman	✓		
Rep. G. Swallow		✓	
Rep. R. White		✓	

Part M (p. 12)
Date: 3/3/26
Motion: IN
Vote: 13-0

	Yes	**No**	**Absent**
Sen. N. Grohoski	✓		
Sen. B. Bickford	✓		
Sen. M. Tipping	✓		
Rep. D. Sayre	✓		
Rep. E. Crockett	✓		
Rep. G. Friedmann	✓		
Rep. T. Lavigne	✓		
Rep. A. Matlack	✓		
Rep. T. Quint	✓		
Rep. S. Rudnicki	✓		
Rep. S. Harriman	✓		
Rep. G. Swallow	✓		
Rep. R. White	✓		

Part N (p. 20)
Date: 3/4/26
Motion: IN as proposed by the Governor but with the following changes:

- Expand the proposed PTET base to include the entire Maine individual/fiduciary income tax base (not just the PTE's Maine-source income), which would increase revenue by approximately $1 million annually,
- Regarding reporting on returns, resident partners must be separated and only non-resident partners may be aggregated. The PTE would report how much tax they paid to other jurisdictions broken out for each of their resident partners. That information would be used by Maine Revenue Services ("MRS") when the resident partners claim a credit for

taxes paid to other jurisdictions (as opposed to having MRS request additional information from the partner and going through a manual process), and

- Establish a Pass-through Entity Tax Stabilization Fund as an Other Special Revenue account for 50% of first-year revenues to be spent on the next fiscal year's shortfall.

Vote: 11-1
Minority: In addition to the changes above, Senator Tipping is in favor of changing the proposed 90% tax credit rate to 87.5%. This is the credit rate that Connecticut uses and would result in approximately $5 million more in revenue annually.
NOTE: The Taxation Committee voted in favor of passing LD 191 as amended by the changes described above.

	Yes	**No**	**Absent**
Sen. N. Grohoski	✓		
Sen. B. Bickford	✓		
Sen. M. Tipping		✓	
Rep. D. Sayre	✓		
Rep. E. Crockett	✓		
Rep. G. Friedmann			✓
Rep. T. Lavigne	✓		
Rep. A. Matlack	✓		
Rep. T. Quint	✓		
Rep. S. Rudnicki	✓		
Rep. S. Harriman	✓		
Rep. G. Swallow	✓		
Rep. R. White	✓		

Part O (p. 27)
Date: 3/4/26
Motion: OUT
Vote: 7-6
Minority: The minority report is to amend the Governor's proposed sunset of the BETR program to allow all non-retail property placed in service to continue in the BETR program while all other property phases out at 50% on August 1, 2029, and 100% on January 1, 2030.

	Yes	**No**	**Absent**
Sen. N. Grohoski		✓	
Sen. B. Bickford	✓		
Sen. M. Tipping		✓	
Rep. D. Sayre		✓	
Rep. E. Crockett	✓		
Rep. G. Friedmann		✓	
Rep. T. Lavigne	✓		
Rep. A. Matlack		✓	
Rep. T. Quint	✓		

Rep. S. Rudnicki	✓		
Rep. S. Harriman		✓	
Rep. G. Swallow	✓		
Rep. R. White	✓		

ATTACHMENT 1-A

Appendix:

Table A: Direct Conformity – Individual Income Tax Items

Direct Individual Conformity Provisions	Fiscal Year			
	2026	2027	2028	2029
(1) Enhancement of Child and Dependent Care Credit	$0	-$1,760,000	-$1,750,000	-$1,700,000
(2) Enhancement of Dependent Care Assistance Program	$0	-$515,500	-$376,000	-$395,000
(3) Exclusion for Employer Payments of Student Loans	$0	-$1,435,000	-$1,080,000	-$1,155,000
(4) Extension of Limitation on Deduction and Exclusion for Moving Expenses	$0	$621,000	$639,000	$658,000
(5) Extension and Modification of Limitation on Deduction for Qualified Residence Interest	$0	$210,000	$210,000	$210,000
(6) Termination of Non-Education Miscellaneous Itemized Deductions	$0	$1,500,000	$1,500,000	$1,500,000
(7) Miscellaneous (Individual) (c. 336) **	$0	-$140,000	-$140,000	-$140,000

Table B: Direct Conformity – Business Tax Items

Direct Business Conformity Provisions	Fiscal Year			
	2026	2027	2028	2029
(8) Bonus Depreciation	-$92,610,000	-$75,040,000	-$45,340,000	-$33,290,000
(9) Accelerated Depreciation for Qualified Property	-$8,960,000	-$26,630,000	-$30,080,000	-$28,190,000
(10) R&D Expense Deduction (c. 336)	-$111,103,000	-$30,870,000	-$20,500,000	-$11,940,000
(11) Business Interest Deduction Limitation: EBITDA income measure (c. 336)	$0	-$6,160,000	-$5,010,000	-$4,300,000
(12) Business Interest Deduction Limitation: Subpart F and Net CFC Tested Income	$0	$900,000	$850,000	$750,000
(13) Coordination of Business Interest Limitation with Interest Capitalization Provisions	$0	$660,000	$690,000	$800,000
(14) Sec. 179 Expensing (c. 336)	$0	-$2,200,000	-$1,880,000	-$1,570,000
(15) 1% Floor on Deduction of Charitable Contributions Made by Corporations	$0	$2,140,000	$2,080,000	$1,960,000
(16) Excessive Employee Remuneration	$0	$1,131,000	$1,070,000	$1,143,000
(17) Exception to Percentage of Completion Method of Accounting for Certain Residential Construction Contracts	$0	-$728,000	-$267,000	-$168,000
(18) Qualified Farm Property Capital Gains (c. 336)	$0	-$1,210,000	-$835,000	-$460,000
(19) Expansion of Qualified Small Business Stock Gain Exclusion	$0	$0	$0	-$145,000
(20) Paid Family Medical Leave Credit	Negligible Gain			

(21) Broadening of Net CFC Tested Income (NCTI) Inclusion	$0	$1,710,000	$1,760,000	$1,820,000
(22) Other International Tax Reforms **	$0	$92,000	$63,000	$11,000
(23) Modification and Extension of Limitation on Excess Business Losses of Noncorporate Taxpayers	$0	$275,000	$150,000	$600,000
(24) Permanent Renewal and Enhancement of Opportunity Zones	$0	-$5,250,000	-$9,760,000	-$9,620,000
(25) Treatment of Payments from Partnerships to Partners for Property or Services	$1,140,000	$1,580,000	$1,510,000	$1,230,000
(26) Miscellaneous (Other) (c. 336) **	$0	-$110,000	-$150,000	-$180,000

Table C: Indirect Conformity Items Relevant to Maine's Consideration of the 2025 Act

Indirect Conformity Provisions	**Fiscal Year**			
	2026	**2027**	**2028**	**2029**
(27) Increase Standard Deduction	-$42,166,000	-$33,834,000	-$32,052,000	-$31,786,000
(28) 0.5% Floor on Deduction of Contributions Made by Individuals	$0	$200,000	$200,000	$200,000
(29) Charitable Contribution Deduction for Federal Non-Itemizers	-$775,000	-$9,000,000	-$8,105,000	-$8,390,000
(30) Senior Deduction	-$42,152,500	-$32,429,500	-$30,550,000	-$18,258,000
(31) No Tax on Tips	-$13,070,000	-$9,750,000	-$10,140,000	-$6,230,000
(32) No Tax on Overtime	-$39,360,000	-$29,370,000	-$30,550,000	-$18,760,000
(33) Deduction for Car Loan Interest	-$9,380,000	-$11,600,000	-$14,820,000	-$10,130,000

Table D: Total Revenue Impact of Conformity (Direct and Indirect)

Total Revenue Impact	-$358,436,500	-$267,013,000	-$232,663,000	-$175,925,000
General Fund Revenue	-$340,514,675	-$253,662,350	-$221,029,850	-$167,128,750

* "(c.336)" indicates that some or all of the referenced provision was included in the Governor's direction to the State Tax Assessor for tax year 2025.
** See Tables E, F, and G below for additional detail on the miscellaneous provisions.

ATTACHMENT 1-B

Appendix:

Table A: Conformity Fiscal Impact by Provision

Conformity Provisions	Fiscal Year 2026	2027	2028	2029
Qualified Disaster Loss (c. 336)	Negligible Loss			
Increase in standard deduction amount, 50% of increase in TY 2026	$0	-$29,000,000	-$32,300,000	-$32,250,000
Enhancement of Child and Dependent Care Credit	$0	-$1,760,000	-$1,750,000	-$1,700,000
Enhancement of Dependent Care Assistance Program	$0	-$515,500	-$376,000	-$395,000
Exclusion for Employer Payments of Student Loans	$0	-$1,435,000	-$1,080,000	-$1,155,000
Extension of Limitation on Deduction and Exclusion for Moving Expenses	$0	$621,000	$639,000	$658,000
0.5% Floor on Deduction of Contributions made by Individuals	$0	$200,000	$200,000	$200,000
Extension and Modification of Limitation on Deduction for Qualified Residence Interest	$0	$210,000	$210,000	$210,000
Termination of Non-Education Miscellaneous Itemized Deductions	$0	$1,500,000	$1,500,000	$1,500,000
Miscellaneous (Individual) [1]	$0	-$98,000	-$103,000	-$128,000
Sec. 179 Expensing (c. 336)	$0	-$2,200,000	-$1,880,000	-$1,570,000
Business Interest Deduction Limitation: EBITDA income measure (c. 336)	$0	-$6,160,000	-$5,010,000	-$4,300,000
Business Interest Deduction Limitation: Subpart F and Net CFC Tested Income	$0	$900,000	$850,000	$750,000
R&D Expense Deduction: Full conformity for small business and phase-in to full conformity for others [2]	-$1,780,000	-$15,310,000	-$28,090,000	-$38,830,000
Coordination of Business Interest Limitation with Interest Capitalization Provisions	$0	$660,000	$690,000	$800,000
1% Floor on Deduction of Charitable Contributions Made by Corporations	$0	$2,140,000	$2,080,000	$1,960,000
Excessive Employee Remuneration	$0	$1,131,000	$1,070,000	$1,143,000
Exception to Percentage of Completion Method of Accounting for Certain Residential Construction Contracts	$0	-$728,000	-$267,000	-$168,000
Qualified Farm Property Capital Gains (c. 336)	$0	-$1,210,000	-$835,000	-$460,000
Expansion of Qualified Small Business Stock Gain Exclusion [3]	$0	$0	$0	-$145,000
Broadening of Net CFC Tested Income Inclusion	$0	$1,710,000	$1,760,000	$1,820,000
Other International Tax Reforms [4]	$0	$92,000	$63,000	$11,000
Modification and Extension of Limitation on Excess Business Losses of Noncorporate Taxpayers	$0	$275,000	$150,000	$600,000
Permanent Renewal and Enhancement of Opportunity Zones [5]	$0	-$5,250,000	-$9,760,000	-$9,620,000
Treatment of Payments from Partnerships to Partners for Property or Services	$1,140,000	$1,580,000	$1,510,000	$1,230,000
Miscellaneous (Other) (c. 336) [6]	$0	-$119,000	-$139,000	-$170,000
Conform to limited charitable contribution deduction for federal non-itemizers: 0% in TY 2026, 50% in TY 27, 100% TY 28+	$0	$0	-$4,850,000	-$10,040,000
Paid Family Medical Leave Credit [7]	Negligible Gain			
Total Cost of Conformity Package	**-$640,000**	**-$52,766,500**	**-$75,718,000**	**-$90,049,000**
General Fund Revenue	**-$608,000**	**-$50,128,175**	**-$71,932,100**	**-$85,546,550**