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**LEGISLATIVE UPDATES 2024 SPRING SESSION**

**May 14**

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| Maine state legislators had their last session on Friday and did not take up any new bills or overide any of Gov. Janet Mills' vetos. This means her veto of [LD 1231](https://nam12.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.mainelegislature.org%2Flegis%2Fbills%2Fdisplay_ps.asp%3Fld%3D1231%26PID%3D1456%26snum%3D131&data=05%7C02%7Ctrish%40mecpa.org%7C0762f7c3df964df1d9e808dc74342102%7Cdd5ed6efb14f491bb6e8977d05d2cff9%7C0%7C0%7C638513014467974809%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C0%7C%7C%7C&sdata=pEb99ixAGdbtRkscNXyjqCfyWR9t%2BuVQ05mUKX1qZw0%3D&reserved=0)**, An Act to Bring Fairness to Maine Families by Adjusting Tax Brackets**, stands, and there will be no new tax brackets introduced for Mainers this year. |

**April 15**

[LD 1231](https://www.mainelegislature.org/legis/bills/display_ps.asp?ld=1231&PID=1456&snum=131)**, An Act to Bring Fairness to Maine Families by Adjusting Tax Brackets**, went from “concept draft” to approval by Maine’s House and Senate in a matter of days.  
  
The bill affects tax year 2025 and beyond. It favorably impacts taxpayers with incomes below $85,000 by increasing the income threshold for the lowest tax rates. Two additional tax brackets take effect for taxpayers with incomes above $144,000. The bill is expected to raise incremental state tax revenues of approximately $370,000.

**April 8**

Maine Revenue Services just sent out a [**Tax Alert**](https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/ta_apr2024_vol34_iss7.pdf) that clarifies tax filing deadlines. In short, filing and payment deadlines have been extended to **July 15** **for both federal and state taxes** for the following Maine counties:

* Cumberland
* Hancock
* Knox
* Lincoln
* Sagadahoc
* Waldo
* Washington
* York

Federal & Maine deadlines are extended to **June 17** for taxpayers in these counties:

* Androscoggin
* Franklin
* Kennebec
* Oxford
* Penobscot
* Piscataquis
* Somerset

The deadline remains **April 17 for Aroostook County**, the only county in Maine not designated by the Federal Emergency Management Agency as a disaster area after winter and spring storms.  
  
**Note:** This ruling applies only to tax returns and final or estimated payments for the following Maine tax types:

1. Individual Income Tax
2. Corporate Income Tax
3. Fiduciary Income Tax (trusts and estates)
4. Franchise Tax

**March 26**

Because of its threat to taxpayer confidentiality, the MECPA communicated its opposition to [**LD 1725**](https://legislature.maine.gov/bills/display_ps.asp?paper=SP0689&snum=131&PID=0), **An Act to Strengthen Legislative Oversight of Government Agencies and Programs by Providing the Government Oversight Committee Access to Confidential Records**, and it has been tabled.  
  
The bill would allow the Government Oversight Committee access to all data or information in the hands of the state – data that might otherwise be exempt from public disclosure.  
  
The MECPA also is making headway on changing language in [**LD 1948**](https://legislature.maine.gov/legis/bills/display_ps.asp?PID=1456&snum=131&paper=&paperld=l&ld=1948)**, An Act to Amend the State's Data Governance Program Regarding Proprietary Data** – so we're headed in the right direction.

**March 13**

Another carryover bill, [**LD 1725**](https://legislature.maine.gov/bills/display_ps.asp?paper=SP0689&snum=131&PID=0), **An Act to Strengthen Legislative Oversight of Government Agencies and Programs by Providing the Government Oversight Committee Access to Confidential Records**, is scheduled for a public hearing at 1 p.m. tomorrow (March 14) at the Cross Building, Room 214.  
  
The bill, sponsored by Sen. Craig Hickman (D-Kennebec), would allow the Government Oversight Committee unfettered access to all data or information in the hands of the state – data that might otherwise be exempt from public disclosure.  
  
As we've done in the past when taxpayer confidentiality is challenged, the MECPA will communicate its opposition to the bill. We're working with the state Chamber of Commerce to lobby members of the State and Local Government Committee to oppose this bill.

**March 11**

**BOI, again**  
As we reported last week, a lower District Court’s decision that BOI reporting requirements were unconstitutional has thrust this issue into question again. FINCEN has agreed not to enforce the requirement for those businesses that are members of the National Small Business Association (NSBA).  
  
Because the court’s decision is likely to be further litigated, newly formed businesses as of Jan. 1, 2024, that are not NSBA members technically have 90 days from inception to comply with the reporting requirements.

**Maine Department of Labor wants your input**  
Talent supply remains an issue for many industries in Maine. The DOL and State Workforce Board recently released its plan to address this. [**Read the plan and submit comments here**](https://www.maine.gov/swb/stateplan/index.shtml) through Friday, March 15.

The MECPA plans to respond with a suggestion that accounting – a profession with job growth potential in the state – be added back to high school curriculums. And we continue to advocate to have accounting designated as a STEM component.

**March 4**

**Re:** **LD 1337, An Act to Require a Corporation That Files a Tax Return in the State to File a Tax Disclosure Statement**

In a divided vote last week, the Legislature’s Taxation Committee accepted many of the amendments proposed by the MECPA for [**LD 1337**](https://www.mainelegislature.org/legis/bills/display_ps.asp?ld=1337&PID=1456&snum=131) and sent the revised version to Maine Revenue Services for further review/action. If MRS assigns a fiscal note to LD 1337, it may effectively kill this bill given that it competes with about 150 others that have a combined budget impact of $1.5 billion.

**Key highlights of the amended bill:**

* Applicable only to the 50 largest for-profit employers in Maine.
* Required information includes: total income for these 50 employers; and Maine apportioned income and percent of all taxpayers represented by this group.
* Required information is reported for the group of 50, not individual taxpayers.
* Responsibility for collecting data and presenting to the Legislature lies with Maine Revenue Services, thus minimizing the compliance burden on corporations and their CPAs.
* Reporting is required on an every-other-year basis.

**BOI-Corporate Transparency Act**  
On Friday, a U.S. District Court judge ruled that the Corporate Transparency Act (CTA) is unconstitutional because it exceeds the Constitution’s limits on Congress’ power. Continued litigation is likely, but for now, small businesses, their attorneys and CPAs can set aside concerns about BOI reporting.

**February 27**

The MECPA opposes [LD 1337](http://www.mainelegislature.org/legis/bills/display_ps.asp?ld=1337&PID=1456&snum=131)**, An Act to Require a Corporation That Files a Tax Return in the State to File a Tax Disclosure Statement** because it would adversely impact confidentiality of taxpayer information and impose compliance burdens. We've communicated this to the Legislature's Taxation Committee.  
  
The bill, sponsored by Rep. Ann Matlack (D-St. George), would require the filing of fairly detailed tax information related to any corporation doing business in the state.

As a result of our efforts, an amendment has been proposed that will be explained and discussed at a **2 p.m. Wednesday (tomorrow) workshop** in Room 127 of the Statehouse.

**CCH issue resolved**  
Maine Revenue Services let the MECPA know this morning that Maine state tax return filing delays happening with CCH tax software have been resolved.

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**February 19**

The Legislature’s Tax Committee held a hearing on the bill formerly known as **LD 1891: Pass-through Entity & Child Care Credits** last week. We supported this bill after amendments suggested by the MECPA's Tax Committee were adopted.  
  
However, at the hearing, the Legislature’s Tax Committee renamed the bill **Directing the Office of Tax Policy to Study the Adoption of a Pass-through Entity Tax**, thus delaying action and transferring responsibility for developing this to Maine Revenue Services. Once MRS pulls together an implementation plan and submits it to the Legislature for its review and vote, it may be 2025 before these credits become available to Maine taxpayers.

Since the $10,000 SALT cap is scheduled to expire after 2025 (unless Congress extends it), the need for a pass-through entity tax to get around the $10,000 SALT Cap will have greatly lessened by 2025. Consideration of potential changes to SALT legislation will be part of MRS’s study of the impact of a pass-through entity tax in Maine.

**February 12**

The MECPA is submitting testimony in opposition to [**LD 1725**](https://www.mainelegislature.org/legis/bills/display_ps.asp?ld=1725&PID=1456&snum=131)**, An Act to Strengthen Legislative Oversight of Government Agencies and Programs by Providing the Government Oversight Committee Access to Confidential Records** because it violates past practice and reliance onconfidentiality of taxpayer information.

**Rationale for our opposition:**

* Businesses rely on confidentiality for several reasons, including the need to keep that information out of the hands of competitors. There is no guarantee that the taxpayer information viewed by an elected official is kept confidential. Competitiveness may be adversely impacted.
* Perceived impact on competitiveness may detract from new business formation.
* Voluntary compliance, a cornerstone of our income tax system, may be hindered when tax returns are not treated with confidentiality.
* This bill is not necessary. The state’s Office of Program Evaluation and Government Accountability already has access to confidential taxpayer information. While OPEGA cannot release confidential taxpayer information to the Government Oversight Committee, it can use confidential taxpayer information in the development of its reports.

The bill, carried over from last session, is now in the hands of the Committee on State and Local Government, chaired by Sen. Timothy Nangle (D-Cumberland) and Rep. Holly Stover (D-Boothbay). No hearing date has been set.  
  
If you'd like to share your valuable perspective as a CPA/tax professional, contact **[Nangle](mailto:timothy.nangle@legislature.maine.gov" \t "_blank)** or [**Stover**](mailto:holly.stover@legilsature.maine.gov).

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**February 5**

**Federal Tax Relief for American Families & Workers Act**  
Last week, the U.S. House passed a bipartisan tax bill that includes some favorable features for business taxpayers, including an increase in the amount allowed for Section 179 expensing. It also delays the required R&D expense deduction until 2025.

See a summary of the tax bill [**here**](https://waysandmeans.house.gov/wp-content/uploads/2024/01/The-Tax-Relief-for-American-Families-and-Workers-Act-of-2024-Technical-Summary.pdf).

Passage by the U.S. Senate is unclear. It's anticipated that the tax bill will be attached to an appropriations agreement sometime in early March.

**Beneficial Owner Information Reporting**  
Firms are advised to contact their professional liability insurer before providing BOI reporting services to their clients. There has been some concern that preparation and filing of these forms represents unauthorized legal services. If you choose to engage in this service area, consider developing a tailored engagement letter. [**Tune into this podcast**](https://taxodyssey.libsyn.com/tso/traversing-the-beneficial-ownership-information-reporting-requirements) for details on professional risk, communication with clients and more.   
  
**Maine Legislative Update**  
Two bills we reported on last week – **LD 1337: An Act to Require a Corporation That Files a Tax Return in the State to File a Tax Disclosure Statement** and **LD 1891: An Act to Support Maine Businesses Through a Child Care Tax Credit and a Pass-through Entity Tax**– have been tabled, pending further discussion by the Taxation Committee.

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**January 29**

Last week, a public hearing was held for LD 1891, An Act to Support Maine Businesses Through a Child Care Tax Credit and a Pass-Through Entity tax.

This bill, as presented by the bill’s sponsor, Representative Terry, (Gorham) and co-sponsored by Representative Jackson, (Aroostock)  reflected edits recommended by the MECPA’s Taxation Committee and lobbyists.  There is a Work Session scheduled for the bill, this Wednesday, January 31, 11 am, State House, Rm. 127.

The MECPA supports the bill, as presented, Read here, <https://legislature.maine.gov/legis/bills/getPDF.asp?paper=HP1212&item=1&snum=131>

and will be communicating our support to the Legislature’s Tax Committee.  If you would like to do the same, send comments to any of the following:

[Representative Terry](mailto:Maureen.Terry@legislature.maine.gov)

[Representative Jackson](mailto:Troy.Jackson@legislature.maine.gov)

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**January 22**

Numerous tax bills have been carried over from the last legislative session, two of which we are watching closely:

[**LD 1337**](https://legislature.maine.gov/LawMakerWeb/summary.asp?ID=280088080)

This bill would require corporations that file a tax return in Maine to also file a tax disclosure statement, eliminating confidentiality provisions for Maine businesses. The MECPA has testified against this bill and **encourages you to email/call the members of the Legislature’s Taxation Committee** to express your concerns. (Contact information below).

**Key Talking Points:**

1. A separate corporate filing, outside of the income tax return, should not be required.
2. This will add both time and cost to the process of tax filing for both small and large corporations and tax accountants.
3. This would require corporations and their advisors to report information beyond the bounds of Maine corporate income tax law.
4. Adding any additional work during tax season would present a timely compliance challenge.
5. Sensitive taxpayer information would become part of the public record, expose information to competitors, thus putting Maine businesses at a disadvantage.

Bill sponsor Rep. Ann Matlack indicated that she may bring forth an amendment to mirror the Massachusetts tax disclosure law, which requires far less disclosure than **LD 1337**. Check the Massachusetts law [**here**](https://malegislature.gov/Laws/GeneralLaws/PartI/TitleIX/Chapter62C/Section83).

[**LD 1891**](https://legislature.maine.gov/legis/bills/display_ps.asp?LD=1891&)  
This bill is designed to create a PTET credit for Maine taxpayers for income paid to another jurisdiction. The MECPA analyzed the bill and did not support it as originally drafted. Proposed amendments were communicated to bill sponsor Rep. Maureen Terry (D-Gorham). The bill is scheduled for a public hearing, this Thursday, January 25, at 1 p.m. at the Maine State House, Room 127. [**Contact Rep. Terry**](mailto:Maureen.Terry@legislature.maine.gov).

**Taxation Committee:**

[Sen. Nicole Grohoski](https://legislature.maine.gov/district7) (D-Hancock County), Senate Chair

[Sen. Ben Chipman](https://legislature.maine.gov/district28) (D-Cumberland County)

[Sen. James Libby](https://legislature.maine.gov/district22) (R-Cumberland County)

[Rep. Joe Perry](https://legislature.maine.gov/house/house/MemberProfiles/Details/559) (D-Bangor), House Chair

[Rep. Ed Crockett](https://legislature.maine.gov/house/house/MemberProfiles/Details/1351) (D-Portland)

[Rep. Ann Matlack](https://legislature.maine.gov/house/house/MemberProfiles/Details/1364) (D-St. George)

[Rep. Tavis Hasenfus](https://legislature.maine.gov/house/house/MemberProfiles/Details/1427) (D-Readfield)

[Rep. Ambureen Rana](https://legislature.maine.gov/house/house/MemberProfiles/Details/1464) (D-Bangor)

[Rep. Meldon Carmichael](https://legislature.maine.gov/house/house/MemberProfiles/Details/1441) (R-Greenbush), Ranking Member

[Rep. Thomas Lavigne](https://legislature.maine.gov/house/house/MemberProfiles/Details/1472) (R-Berwick)

[Rep. Tracy Quint](https://legislature.maine.gov/house/house/MemberProfiles/Details/1443) (R-Hodgdon)

[Rep. Laurel Libby](https://legislature.maine.gov/house/house/MemberProfiles/Details/1423) (R-Auburn)

[Rep. Shelley Rudnicki](https://legislature.maine.gov/house/house/MemberProfiles/Details/1371) (R-Fairfield)\_