

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)

ERK  
ROS

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36

Date:

4/3/24

Majority

L.D. 1891

(Filing No. H-917)

**TAXATION**

Reproduced and distributed under the direction of the Clerk of the House.

**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
131ST LEGISLATURE  
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1212, L.D. 1891, "An Act to Support  
Maine Businesses Through a Child Care Tax Credit and a Pass-through Entity Tax"

Amend the bill by striking out the title and substituting the following:

**'Resolve, to Require the Office of Tax Policy to Study the Adoption of a Pass-through  
Entity Income Tax'**

Amend the bill by striking out everything after the title and inserting the following:

**'Sec. 1. Department of Administrative and Financial Services, Bureau of  
Revenue Services, Office of Tax Policy to examine and evaluate system of  
taxation of business income and possible adoption of pass-through entity  
income tax. Resolved:** That the Department of Administrative and Financial Services,  
Bureau of Revenue Services, Office of Tax Policy shall examine and evaluate the State's  
current system of taxation of business income, including the current system of taxing  
pass-through business income at the partner or shareholder level, and the possible adoption  
of a pass-through entity income tax to tax such pass-through income, including the  
possibility of moving the taxation of that income, or some portion of that income, from the  
partner or shareholder level to the business entity that generated the income. The study  
must include examination of the impact of the adoption of a pass-through entity income tax  
on a mandatory and an elective basis, on a permanent and time-limited basis and on a  
retroactive basis. The Office of Tax Policy shall also include in the study consideration of  
the impact of the federal state and local tax deduction limitation on individual taxpayers in  
the State, and the manner and fiscal impact of how a pass-through entity income tax has  
been enacted and implemented in other states to, in part, address the state and local tax  
deduction. The Office of Tax Policy may consult with national income tax experts as  
appropriate. No later than January 15, 2025, the Office of Tax Policy shall submit a report  
based on the study to the joint standing committee of the Legislature having jurisdiction  
over taxation matters that includes its findings and recommendations, including suggested  
legislation. The joint standing committee may submit legislation related to the report to  
the 132nd Legislature in 2025.'

**COMMITTEE AMENDMENT**

1 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section  
2 number to read consecutively.

3 **SUMMARY**

4 This amendment replaces the bill with a resolve requiring the Department of  
5 Administrative and Financial Services, Bureau of Revenue Services, Office of Tax Policy  
6 to examine and evaluate the State's current system of taxation of business income at the  
7 partner or shareholder level and the possible adoption of a mandatory or elective pass-  
8 through entity income tax to tax such pass-through income, including the possibility of  
9 moving the taxation of that income, or some portion of that income, from the partner or  
10 shareholder level to the business entity that generated the income. The Office of Tax Policy  
11 is required to report to the joint standing committee of the Legislature having jurisdiction  
12 over taxation matters by January 15, 2025, and the committee is authorized to report out  
13 legislation related to the report to the 132nd Legislature in 2025.

14 **FISCAL NOTE REQUIRED**

15 (See attached)



# 131st MAINE LEGISLATURE

LD 1891

LR 2189(02)

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

Fiscal Note for Bill as Amended by Committee Amendment "A" (H-9/7)

Committee: Taxation

Fiscal Note Required: Yes

---

### Fiscal Note

Minor cost increase - General Fund

#### Fiscal Detail and Notes

Additional costs to the Department of Administrative and Financial Services, Bureau of Revenue Services to complete a study and report on possible adoption of a pass-through entity tax are expected to be minor and can be absorbed within existing budgeted resources.