

# MAINE STATE LEGISLATURE

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L.D. 714

Date: 3/31/26

(Filing No. H-944)

**TAXATION**

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**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
132ND LEGISLATURE  
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 453, L.D. 714, "An Act to Amend the Tax Laws"

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

**'An Act to Allow the Victim of a Fraudulent Scheme to Claim a State Income Tax Deduction for Losses Attributable to the Fraudulent Scheme'**

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

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

BBB. For taxable years beginning on or after January 1, 2023, to the extent included in federal adjusted gross income and not otherwise removed from Maine taxable income, an amount equal to the federal deduction claimed by a taxpayer who was the victim of a fraudulent scheme for losses attributable to that fraudulent scheme pursuant to the Code, Section 165(c)(2) for the same taxable year.

**Sec. 2. 36 MRSA §5125, sub-§3, ¶C, as amended by PL 2017, c. 211, Pt. D, §2, is further amended to read:**

C. Reduced by any amount of deduction attributable to income taxable to financial institutions under chapter 819; and

**Sec. 3. 36 MRSA §5125, sub-§3, ¶D, as amended by PL 2017, c. 211, Pt. D, §3, is further amended to read:**

D. Reduced by any amount attributable to interest or expenses incurred in the production of income exempt from tax under this Part.; and

**Sec. 4. 36 MRSA §5125, sub-§3, ¶H is enacted to read:**

H. Reduced by an amount equal to the federal deduction claimed because the individual was the victim of a fraudulent scheme for losses attributable to that fraudulent scheme pursuant to the Code, Section 165(c)(2) and deducted under section 5122, subsection 2, paragraph BBB for the same taxable year.

**COMMITTEE AMENDMENT**

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**Sec. 5. Appropriations and allocations.** The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF Revenue Services, Bureau of 0002**

Initiative: Provides one-time funding for administrative expenses to implement a state income tax subtraction modification for losses attributable to certain fraudulent financial schemes.

<b>GENERAL FUND</b>	<b>2025-26</b>	<b>2026-27</b>
All Other	\$0	\$56,980
<b>GENERAL FUND TOTAL</b>	<b>\$0</b>	<b>\$56,980</b>

**Sec. 6. Retroactivity.** This Act applies retroactively to tax years beginning on or after January 1, 2023.'

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

**SUMMARY**

This amendment replaces the bill, which is a concept draft, and changes the title. This amendment provides that, for tax years beginning on or after January 1, 2023, a taxpayer who was the victim of a fraudulent scheme and claims a federal deduction under Code, Section 165(c)(2) for losses attributable to that fraudulent scheme is entitled to subtract from the taxpayer's state income an amount equal to the amount of the federal deduction claimed for that same tax year.

**FISCAL NOTE REQUIRED**  
(See attached)



# 132nd MAINE LEGISLATURE

LD 714

LR 1239(02)

## An Act to Amend the Tax Laws

Fiscal Note for Bill as Amended by Committee Amendment "A" (H-944)  
 Committee: Taxation  
 Fiscal Note Required: Yes

### Fiscal Note

	FY 2025-26	FY 2026-27	Projections FY 2027-28	Projections FY 2028-29
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$584,230	\$213,750	\$223,250
<b>Appropriations/Allocations</b>				
General Fund	\$0	\$56,980	\$0	\$0
<b>Revenue</b>				
General Fund	\$0	(\$527,250)	(\$213,750)	(\$223,250)
Other Special Revenue Funds	\$0	(\$27,750)	(\$11,250)	(\$11,750)

#### Fiscal Detail and Notes

The bill would result in a revenue decrease to the General Fund of \$527,250 in fiscal year 2026-27, \$213,750 in fiscal year 2026-27 and \$223,250 in fiscal year 2028-29 from creating a state income tax deduction for losses attributable to certain financial scams. The bill would also result in a revenue decrease to the Local Government Fund of \$27,750 in fiscal year 2026-27, \$11,250 in fiscal year 2027-28 and \$11,750 in fiscal year 2028-29. The bill includes a one-time General Fund appropriation to the Department of Administrative and Financial Services, Bureau of Revenue Services of \$56,980 in fiscal year 2026-27 administrative expenses to implement this change.