

**TESTIMONY OF  
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY  
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation  
Hearing Date: *March 26, 2025, Wednesday at 1:00 P.M.*

LD 1099 – *“An Act to Exempt Diapers from Sales Tax”*

-----

Senator Grohoski, Representative Cloutier, and members of the Taxation Committee – good afternoon, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Against LD 1099, *“An Act to Exempt Diapers from Sales Tax.”*

This bill would create a sales tax exemption for disposable and reusable diapers, including diaper covers, wraps, and diaper fasteners, for adults and children. The proposed exemption is not new. Currently, Maine is the only New England state with a sales tax that does not exempt diapers, and a functionally identical proposal was before the 131<sup>st</sup> Legislature. That proposal, LD 287 as amended, ultimately died on the Appropriations Table. But there is a better way to provide sales tax relief. If the objective is to help lower-income households afford diapers, then a sales tax exemption may not be the most cost-effective instrument to provide that relief. A sales tax exemption provides a tax cut to all consumers of diapers, regardless of ability to pay. An increase in the Sales Tax Fairness Credit would provide targeted tax relief at a lower cost.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee’s questions.