

**Amend the Governor's Supplemental Budget Change Package by striking the new Parts V and W.**

**Amend the Governor's Supplemental Budget by adding a new Part V:**

**PART V**

**Sec. V-1. 36 MRS §5122, sub-§1, ¶OO** is enacted to read:

OO. For each taxable year beginning after January 1, 2019, the amount of any loans made to the taxpayer under the Paycheck Protection Program that receive loan forgiveness treatment pursuant to Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136), the Paycheck Protection Program and Health Care Enhancement Act (Public Law 116-139), the Paycheck Protection Program Flexibility Act of 2020 (Public Law 116-142) or the Consolidated Appropriations Act, 2021 (Public Law 116-260), to the extent that it exceeds \$1,000,000 and that a deduction is claimed for federal income tax purposes pursuant to Division N, Section 276 of the Consolidated Appropriations Act, 2021 for expenses that qualify for and are a basis of said loan forgiveness. In the case of a partnership or other pass-through entity, the \$1,000,000 threshold is applied at the entity level.

For loans not forgiven during the taxable year, the modification must be calculated as if the loans had been forgiven during the taxable year if the taxpayer reasonably expects to receive forgiveness, even if the taxpayer has not submitted an application for forgiveness. If the actual forgiveness, including a denial of forgiveness or decision not to seek forgiveness, differs from said expectations, the taxpayer may file an amended return.

**Sec. V-2. 36 MRS §5200-A, sub-§1, ¶II** is enacted to read:

JJ. For each taxable year beginning after January 1, 2019, the amount of any loans made to the taxpayer under the Paycheck Protection Program that receive loan forgiveness treatment pursuant to Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136), the Paycheck Protection Program and Health Care Enhancement Act (Public Law 116-139), the Paycheck Protection Program Flexibility Act of 2020 (Public Law 116-142) or the Consolidated Appropriations Act, 2021 (Public Law 116-260), to the extent that it exceeds \$1,000,000 and that a deduction is claimed for federal income tax purposes pursuant to Division N, Section 276 of the Consolidated Appropriations Act, 2021 for expenses that qualify for and are a basis of said loan forgiveness.

For loans not forgiven during the taxable year, the modification must be calculated as if the loans had been forgiven during the taxable year if the taxpayer reasonably expects to

receive forgiveness, even if the taxpayer has not submitted an application for forgiveness. If the actual forgiveness, including a denial of forgiveness or decision not to seek forgiveness, differs from said expectations, the taxpayer may file an amended return.

**Sec. V-3. Retroactivity.** This Part applies retroactively to tax years beginning after January 1, 2019.

## **PART V SUMMARY**

This Part requires an addition modification for calculating taxable income for Maine income tax purposes of the amount of any loans made to the taxpayer under the federal Paycheck Protection Program pursuant to the CARES Act, and subsequent amending Acts, that receive, or are reasonably expected to receive, loan forgiveness treatment to the extent that it exceeds \$1,000,000 and that a deduction is claimed for federal income tax purposes pursuant to Division N, Section 276 of the Consolidated Appropriations Act, 2021 for expenses that qualify for and are a basis of the loan forgiveness. If the actual forgiveness, including a denial of forgiveness or decision not to seek forgiveness, differs from the expectations, the taxpayer may file an amended return. The addition modification applies to taxable years beginning after January 1, 2019.