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February 19, 2026

To: Sen. Peggy Rotundo and Rep. Drew Gattine, co-chairs  
Committee on Appropriations & Financial Affairs  
Sen. Nicole Grohoski and Rep. Dan Sayre, co-chairs  
Committee on Taxation  
Members, Committee on Appropriations and Committee on Taxation

From: David R. Clough, Maine State Director

Re: LD 2212 – Supplemental Appropriations for the Fiscal Years Ending June 30, 2026 and June 30, 2027 (EMERGENCY) (GOVERNOR'S BILL)

This statement is made on behalf of the thousands of small business owners in Maine who are members of the National Federation of Independent Business (NFIB). Member businesses collectively span a wide range of economic activities; provide jobs and paychecks to about 30,000 families; and help form the economic backbone of our State and its hundreds of communities.

- Sec. 179 small business equipment expensing tax conformity – Support
- R&D small business expenditures tax conformity – Support
- Pass-through Entity Tax (PTET) option – Likely Support

#### Section 179

We appreciate and support the Governor's proposal to maintain full conformity with federal tax law for Section 179 small business expensing. In addition to the economic rationale for conformity, often overlooked yet important is the tax compliance practicality, both for small businesses and Maine Revenue Services. Failure to fully conform would force small businesses to calculate the depreciation schedule for the difference between what the federal tax code allows and what Maine does. Accountants report that small business clients can pay more in tax preparation fees than the clients pay in state taxes; the administrative nonconformity burden for a small business can be greater than the nonconformity tax burden. The Office of Tax Policy notes there is additional administrative complexity for state tax enforcement if Maine does not conform.

#### R&D Expenditures

We also appreciate and support the Governor's proposal for full conformity with federal tax law for R&D expenditures by small businesses. As with Section 179 conformity, the economic rationale is buttressed by tax compliance practicality considerations.

### PTET Option

NFIB members have previously indicated their support for an optional pass-through entity tax that can be used at the owner's discretion to manage their federal tax liability. While it may be "likely" that NFIB members support the LD 2212 PTET proposal, we have not fully analyzed the proposal within the context of numerous tax provisions contained in PL 119-21 (aka "OB3") signed into law last July.

### Why Conformity Matters

Small businesses are being challenged in many ways. Rising costs are colliding with consumer resistance, for example. Changing demographics, especially in rural areas, are increasing the strain of maintaining viability. Even successful and relatively stable small businesses must watch their finances to stay competitive, modernize, or offer a new product or service. Seemingly small matters can add up to consequential impacts for small companies.

Thank you for considering the interests of Maine small business owners. Small businesses are essential to Maine. Support of small businesses is essential to their success.