



MAINE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

Testimony in Opposition

LD 1337, An Act to Require a Corporation that Files a Tax Return in the State to File a Tax Disclosure Statement

April 13, 2023

Senator Grohoski, Representative Perry, and Honorable Members of the Taxation Committee;

On behalf of the Maine Society of Certified Public Accountants (MECPA), my name is Elizabeth Frazier and I am testifying in opposition to LD 1337, An Act to Require a Corporation that Files a Tax Return in the State to File a Tax Disclosure Statement, on the basis of the language that has been presented to the public prior to the public hearing – we understand that the sponsor may be proposing amendments or changed language, and we will of course consider those changes when we have had the opportunity to review them.

Currently, MECPA opposes the proposed bill because it would effectively eliminate confidentiality provisions for Maine businesses. The scope of information that would need to be disclosed would also create onerous administrative work for both businesses and Maine Revenue Services. Additionally, we believe the proposal unfairly targets corporations as opposed to other forms of business entities.

We understand the sponsor may wish to align the proposed bill to mirror a Massachusetts tax disclosure law. We believe there are several key factors that differentiate the current proposed version of this bill from the Massachusetts tax disclosure provisions.

1. Massachusetts limits disclosure reporting to corporations that are required to file both a report with the federal Securities and Exchange Commission and a Massachusetts income tax return. LD 1337 requires disclosure by all corporations registered to do business in Maine, whether or not they are required to file a return.
2. Massachusetts law also requires the Secretary of State to anonymize reports, redacting all identifying taxpayer information, before they are made public. Conversely, LD 1337 requires the creation of a searchable database making the detailed disclosure reports fully available to the public.
3. Unlike LD 1337, the Massachusetts disclosure form does not require detailed disclosure of apportionment factor data; of specific information about cost of goods sold, net operating losses, and other deductions; or of affiliate information.

These are three significant differences between the proposed bill and the Massachusetts requirements, which are far narrower, and which are ultimately anonymized before they are made public.

As a general matter, we do not believe a separate corporate filing, outside of the income tax return, should be required. This will add both time and cost to the process of tax filing for both small and large

corporations and tax accountants. It would also require corporations and their advisors to report information beyond the bounds of Maine corporate income tax law. For example, LD 1337 would require reporting on business and nonbusiness income—a distinction that does not exist for Maine corporate income tax purposes and is not defined anywhere in Maine law. Speaking on behalf of accountants, I can say that adding any additional work during tax season would present a timely compliance challenge. However, if the Committee is interested in pursuing this policy, we would advise that the key differences discussed above be reflected in any similar Maine law.

The MECPA would be happy to provide additional information about this issue and why we feel the underlying proposal for a separate tax disclosure for corporations is not necessary or appropriate for Maine at this time.

Thank you for taking the time to consider this important issue, and we look forward to working with the committee during the work session.

Sincerely,

Elizabeth M. Frazier

On behalf of the Maine Society of Certified Public Accountants (MECPA)