

Good Afternoon Sen. Grohoski, Rep. Perry and Members of the Joint Standing Committee on Taxation. My name is Linda Caprara I am the Vice President of Advocacy for the Maine State Chamber of Commerce and a resident of Winthrop. I am here today to speak in strong opposition to L.D. 1337, An Act to Require Corporations that File a Tax Return in the State to File a Tax Disclosure Statement.

The bill would require any C-Corporation or S-Corporation that is registered to do business in Maine to file an annual tax disclosure statement to Maine's Bureau of Revenue Services. The disclosure statement includes a wide range of tax return information, including, but not limited to: total receipts, cost of goods sold, taxable income, property payroll and sales apportionment factors, total business and non-business income in the state, total tax, tax credits claimed, net loss deductions, alternative minimum tax due, taxes paid and taxes due. All of this information would be publicly accessible through a searchable online database, without redaction or authorization.

Creates Anti-Business Environment and Threatens Competitiveness

Disclosure of proprietary, confidential and sensitive tax return information would place Maine businesses at a huge competitive disadvantage and could threaten future investment in Maine. Tax return information contains private details about investments, income, political donations, and all sorts of financial data that folks would not want public and would want to keep personal. Existing companies would have to weigh whether they would want to continue to operate in the state knowing that sensitive information would be made public and to their competitors. This would no doubt give huge pause to companies considering locating to Maine and companies in state that want to expand.

L.D. 1337 Violates Taxpayer Confidentiality

The majority of Maine's businesses are small and pass-through entities. Disclosing the income of an individual simply because they are entrepreneurs and investors, is a violation of the privacy of our citizens. People choose to keep this information private for a variety of reasons, from privacy to personal safety to a desire not to change the dynamics of personal relationships. Forcing the disclosure of this information will dramatically change the way in which our society operates and the lives of the entrepreneurs that are very important to our economy. The current system in which we operate encourages voluntary compliance and gives taxpayers the assurance that tax return information will remain confidential. Maine Revenue Services already has the ability, which they have done on many occasions, to provide aggregated data on different tax credits etc. without compromising taxpayer confidentiality.

Information on Tax Returns Could Easily Be Misconstrued

Corporate taxation is very complicated and the potential for the public to misconstrue information on a tax return is huge. Members of the public do not necessarily have the appropriate experience to examine tax information and could interpret such information in a way as to draw inappropriate conclusions. Misinterpretation of information by unqualified individuals could lead to the illusion these companies are not paying their fair share or not paying any taxes at all. The result could be public shaming that is completely unjustified.

Again, please vote No on L.D. 1337.