



# HOUSE OF REPRESENTATIVES

2 STATE HOUSE STATION  
AUGUSTA, MAINE 04333-0002  
(207) 287-1440  
TTY: (207) 287-4469

## **H. Sawin Millett Jr.**

37 Golden Guernsey Drive,  
Waterford, ME 04088  
Residence: (207) 592-5398  
Sawin.Millett@legislature.maine.gov

Senator Grohoski, Representative Perry and distinguished members of the Joint Standing Committee on Taxation,

My name is Sawin Millett, and I have the distinct pleasure of representing House District 81 which includes six towns and three townships in Oxford County.

I am here today to testify in favor of LD 1891, "An Act to Support Maine Businesses Through a Child Care Tax Credit and a Pass-through Entity Tax." Three years ago, I learned that Maine was one of the few states with a personal income tax that does not allow businesses structured as partnerships, LLCs, and S corporations to be taxed as an "entity". As a result, many Maine small businesses are paying higher federal taxes than their competitors from other states. I brought my concern to the attention of Maine Revenue Services, and they asked me to wait until the next session. So here we are.

27 states have passed similar laws to the legislation being considered today, and another 8 states are actively considering this type of legislation. In other words, this idea has been well tested.

Why have other states so eagerly passed this legislation? The answer is simple, it lowers the overall tax burden for a business, while increasing revenue for the state. My understanding is that many of the states who have adopted pass thru entity legislation use the same vendor as Maine Revenue Services, so we already have a trusted partner who could help the state seamlessly implement this policy.

For details on how this works, I'll refer you to the CPA's in the audience, such as John Hadwen who works with the Manufacturers Association of Maine.

Another thing I like about LD 1891 is that it redirects the new revenue to fund a tax credit that will help Maine businesses support access to childcare for their employees.

Everyday each of us hears about the challenges of recruiting employees to return or join the workforce. Many parents have made the difficult decision to stay at home because childcare was either unavailable or too expensive. For those on the sidelines that want to return to the workforce, it is incumbent upon us to give them a way. Our businesses are desperate for workers, and there are many families that could certainly use the additional income.

Last session this Legislature passed \$35 million in additional direct funding for childcare. Eventually, there will not be enough money to address everyone's important priorities.

House District 81 Norway, Sweden, Waterford, Albany Township, Greenwood, South Oxford, Stoneham, Stow, Mason Township & Locke Mills



# HOUSE OF REPRESENTATIVES

2 STATE HOUSE STATION  
AUGUSTA, MAINE 04333-0002  
(207) 287-1440  
TTY: (207) 287-4469

## **H. Sawin Millett Jr.**

37 Golden Guernsey Drive,  
Waterford, ME 04088  
Residence: (207) 592-5398  
Sawin.Millett@legislature.maine.gov

LD 1891 is a smart way to leverage new, non-state dollars from Maine's businesses by providing a tax credit to encourage them to direct funding for childcare. These dollars will allow businesses to contribute money for expansion, upgrading or building a childcare facility. In addition, those dollars can be used to directly support childcare workforce for training, loan repayment, or any number of other things.

An important distinction about this proposal is that unlike a previous, underused childcare tax credit, this proposal does not require that the childcare be provided onsite at the place of business. Providing childcare does not fall within the expertise or business plan of many Maine businesses. This allows for a business to partner with a YMCA, a local church, a private daycare, or any other state licensed childcare setting to meet the businesses' workforce's specific childcare needs.

The genius behind LD 1891 is it extends the dollars available for childcare through a partnership with businesses. And, it provides flexibility to those business to find the childcare solution that meets their workforces' needs.

I hope you will join me in supporting this legislation.