

**TESTIMONY OF
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation
Hearing Date: *March 26, 2025*

LD 982 – “*An Act to Establish Equal Tax Treatment for the Mi'kmaq Nation*”

Senator Grohoski, Representative Cloutier, and members of the Taxation Committee – good afternoon, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration in Support of LD 982, “*An Act to Establish Equal Tax Treatment for the Mi'kmaq Nation.*”

This bill establishes state tax treatment for the Mi'kmaq Nation, including members and tribal entities, that is equivalent to the treatment of the Houlton Band of Maliseet Indians, the Passamaquoddy Tribe, and the Penobscot Nation as provided in Public Law 2021, chapter 681. That treatment includes sales and income tax provisions developed through discussions between the Governor’s Office and the other three tribes in 2022, with consideration of federal Indian tax law principles, and structured within the general framework of Maine tax provisions.

This bill would provide for favorable sales and income tax treatment for Mi'kmaq Nation members on Mi'kmaq Nation Trust Land, a complete exclusion from corporate income tax for the Mi'kmaq Nation, and a sales tax fund that returns sales tax collected on Mi'kmaq Nation Trust Land to the Mi'kmaq Nation.

The Department recommends that the definitions of “Mi'kmaq Nation” and “Mi'kmaq Nation Trust Land” in the bill be replaced with cross-references to the

definitions of those terms in the Mi'kmaq Nation Restoration Act, Title 30, section 7203. It is our understanding that the form of these two terms has been previously discussed between the Administration and the Mi'kmaq Nation with an understanding as set forth in the Title 30 definitions. Creating multiple definitions to identify the same tribe is both confusing and unnecessary and could lead to unintended consequences.

The preliminary revenue estimate is approximately \$75K per year. The administrative costs are under review.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee's questions.