

Testimony of Linda Caprara
On Behalf of the Maine State Chamber of Commerce
in Support of L.D.1291, “Resolve to Establish the Commission to Study the Apportionment of
Service Revenue”
April 9, 2025

Good Afternoon, Sen. Grohoski, Rep. Cloutier and Members of the Joint Standing Committee on Taxation. My name is Linda Caprara. I am the Vice President of Advocacy at the Maine State Chamber of Commerce. I am here to testify in support of **L.D.1291, “Resolve to Establish the Commission to Study the Apportionment of Service Revenue”**.

We support the bill because it would establish a Commission to study the apportionment of service revenue for Maine corporate income tax purposes. The legislation is necessary given the recently proposed apportionment rule Chapter 801 by MRS and the complexities outlined in the proposed changes.

Here's the issue. Under current law, with respect to multi-state corporations, income tax is apportioned based on Maine's single sales factor formula. With respect to income derived from services, it is based on where the service is received. The current method relies on where the service is received by the customer. This rule proposes a major change to require income from services be based on where the service is “acquired or experienced”.

The determination as to when or where a service is “acquired or experienced” is not clear and may not be uniformly implemented. What is “acquired or experienced” for one person is purely subjective. Complying with this rule would be next to impossible as there would have to be some sort of system in place to track the “experience”. Rules need to be clear and concise so that taxpayers can understand exactly what they are required to do to comply with any rules.

The rule would also apply these changes retroactively back to 2010. The nature of this retroactive change dating back years is unheard of and fundamentally unfair to taxpayers. No other state has the “acquired or experienced” language in their statute or rules to the best of our knowledge. This unduly burdensome tax policy would make Maine an outlier, would reduce uniformity, and would discourage multistate corporations from doing business here.

We would like to urge the Committee to add two tax professionals to the proposed Commission as outlined in the legislation. We feel this is important to include professionals that deal with these issues at length in the real world and could offer important insight that would be representative of taxpayers that are going to have to deal with this issue.

Again, we feel this commission is entirely appropriate and would urge the committee to vote ought-to-pass with the amendment.

I would be happy to answer any questions.