

Committee on Taxation
C/O Legislative Information Office
100 State House Station
Augusta, ME 04333

April 16, 2025

Dear Senator Grohoski, Representative Cloutier, and Members of the Committee,

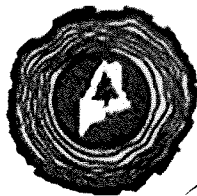
We, the undersigned, are asking for your support of LD 191, "An Act to Support Maine Businesses by Establishing a Pass-through Entity Tax and Tax Credit".

Maine is overdue to join the 36 states and one locality that have enacted a pass-through entity tax credit (PTETC). States ranging ideologically from Massachusetts to Mississippi started adopting PTETC after the US Congress and Trump Administration capped state and local tax (SALT) deductions to \$10,000 in 2017. The SALT cap hurts many small and mid-sized businesses since they do not receive a federal tax deduction for most state income taxes paid as well as any real estate, excise, and sales taxes. Passing the PTETC will level the playing field for Maine businesses competing with other states.

Put simply, LD 191 will lower the overall tax burden for S corps and partnerships, while at the same time generating new revenue for the State of Maine. To all of us, that seems like a no-brainer.

Please actively support LD 191.

Sincerely,



Maine Forest Products Council



Dead River
Company



RETAIL
ASSOCIATION OF
MAINE
Voice of Maine Retail



MAINE
STATE
CHAMBER
of
COMMERCE



MAINE
BEVERAGE
DISTRIBUTORS ASSOCIATION



EXAMPLES

PTE tax mechanism (using Maine attributes)

TAXABLE INCOME

	\$	100,000	Federal Taxable Income from Business
29.60%	\$	29,600	Effective Federal Tax (includes 20% 199A deduction)
	\$		
7.15%		7,150	ME Income Tax
	\$	36,750	Total Taxes

TAXABLE INCOME - WITH MAINE PTET

	\$	100,000	Federal Taxable Income before taxes from Business
	\$		
7.15%		7,150	ME Income Tax
	\$	92,850	Federal Taxable Income from Business
29.60%	\$	27,484	Effective Federal Tax (includes 20% 199A deduction)
	\$		ME Income Tax - Additional Tax After 90% PTET
		715	Credit
	\$	35,349	Total Taxes

\$		
2,116		Federal Tax Savings
\$		
(715)		Additional Maine Tax Revenue
\$		
1,401		Net Tax Savings