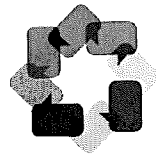


Maine Grocers &  
Food Producers  
Association  
PO Box 5234  
Augusta, ME 04332  
207.622.4461  
info@mgfpa.org



**RETAIL  
ASSOCIATION OF  
MAINE**  
Voice of Maine Retail

Retail Association of Maine  
45 Melville Street, Suite 1  
Augusta, ME 04330  
Tel: 207.623.1149 | Mobile:  
207.240.7377  
curtis@retailmaine.org  
www.retailmaine.org

April 16, 2025

Senator Nicole Grohoski, Chair  
Representative Kristen Cloutier, Chair  
Members of the Taxation Committee

**RE: Testimony in SUPPORT of LD 191, An Act to Support Maine Businesses by Establishing a Pass-through Entity Tax and Tax Credit**

Dear Senator Grohoski, Representative Cloutier and members of the Taxation Committee:

The Maine Grocers & Food Producers Association and the Retail Association of Maine are providing joint testimony in support of LD 191, An Act to Support Maine Businesses by Establishing a Pass-through Entity Tax and Tax Credit. Our business trade associations represent Main Street businesses including independently owned and operated grocery stores and supermarkets, general merchandise and specialty retailers, convenience stores, distributors, and supporting partners — together representing more than 450 members statewide. Maine's retail sector employs more than 85,000 Mainers.

This bill provides a smart, voluntary mechanism for Maine businesses to mitigate the effects of the federal \$10,000 cap on state and local tax (SALT) deductions imposed by the 2017 Tax Cuts and Jobs Act (TCJA). That cap has disproportionately affected owners of S corporations and partnerships—entities that already pay their fair share in state taxes, but who can no longer fully deduct those taxes on their federal returns. Many small businesses in Maine are set up as S corporations.

The PTET allows qualifying businesses—S corporations and partnerships—to elect to pay state income taxes at the entity level. Doing so converts state income tax payments into a fully deductible business expense for federal tax purposes. In turn, the individual partners, members, or shareholders receive a dollar-for-dollar state tax credit or an exclusion of that income on their individual Maine tax returns. It's not often that there is a tax bill that is win-win, but in this case, LD 191 will increase revenue to Maine while decreasing revenue at the federal level resulting in savings for Maine businesses, and additional support for the state.

This model:

- Reduces federal tax liability for small and mid-sized business owners

- Increases Maine's tax competitiveness with other states
- Does not reduce overall tax revenue to the state—and in fact, would result in a modest revenue gain

This is not a novel idea. As of today, 36 states and one locality have implemented or are actively considering a similar workaround. Maine businesses are currently at a disadvantage compared to peers in neighboring states that offer this option.

Using Maine-specific assumptions, a business with \$100,000 in taxable income would, under the current structure, pay \$36,750 in combined federal and state taxes.

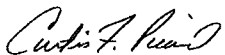
With a PTET mechanism in place:

- Federal taxes are reduced by more than \$2,100
- Maine gains approximately \$700 in additional tax revenue
- **The net tax savings for the business owner is \$1,400**


This policy supports Maine-based businesses without shifting the tax burden to others or creating new obligations. It's also a voluntary election that simply allows businesses to optimize their federal filings under current IRS guidelines.

Maine's pass-through business owners—many of whom are small businesses—should not be penalized by outdated federal deduction limits. This bill offers a fair, effective, and widely adopted solution. I urge you to support its passage and help Maine businesses remain competitive, especially as they navigate rising costs and uncertain economic conditions.

Please vote to support LD 191. Thank you for your time and consideration.



Curtis Picard, President & CEO,  
Retail Association of Maine  
45 Melville St., Augusta, ME 04330  
curtis@retailmaine.org | 207-623-1149



Christine Cummings, Executive Director,  
Maine Grocers & Food Producers Association  
PO Box 5234, Augusta, ME 04332  
christine@mgfpa.org | 207-622-4461