

**TESTIMONY OF
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Before the Joint Standing Committee on Taxation
Hearing Date: *February 18th, 2026*

LD 2188 – *“An Act to Amend Certain State Tax Laws”*

Senator Grohoski, Representative Sayre, and members of the Taxation Committee – good afternoon, my name is Dan Pittman, Associate Tax Policy Counsel in the Department of Administrative and Financial Services. I am testifying at the request of the Administration in Support of LD 2188, *“An Act to Amend Certain State Tax Laws.”*

This bill was drafted and submitted by the Department of Administrative and Financial Services (DAFS), Maine Revenue Services. This DAFS department bill is a combination of two different DAFS bills that are presented annually: The Act to Amend bill, which makes tax law changes that are not major but nevertheless involve substantive changes that may have a revenue impact (positive or negative), and the Technical Changes bill, which proposes administrative and technical changes to various existing provisions of Maine law, primarily in Title 36.

Traditionally, these bills are separated because of the differing recommendations inherent to the Act to Amend and Technical Changes bills. However, due to the relatively small combined number of proposed changes, and the fact that this year, none of these changes happen to have significant revenue impacts, these two Department bills were merged into a single proposal. Therefore, this bill contains both minor, substantive changes with a potential for minor revenue impacts (positive or negative) and also technical, non-substantive

proposals that will have no impact on tax receipts included in recent baseline revenue forecasts by the Revenue Forecasting Committee.

The technical changes in this bill are designed to improve the clarity and administration of the current law. The bill removes references to obsolete or expired provisions of the law, such as the expired Capital Investment Credit and redundant sales tax exemptions; it further aligns the State's property tax foreclosure process in the Unorganized Territory with recent Supreme Court guidance; it clarifies the imposition of the tobacco tax on "smokeless tobacco products" to conform with current administrative practice; it clarifies certain procedural matters, including how a seller of real property can demonstrate that they have paid their fair share of property tax and how certain administrative responsibilities are allocated within DAFS, and it fixes various cross-references and typographical/wording errors and makes other technical and grammatical changes to improve existing statutory language.

The minor substantive changes, concentrated in Part D, aim to accomplish similar goals, but these improvements and clarifications do have a substantive impact on current law. One example of such a change can be found in Section D-4 of this bill, which clarifies that the subtraction modification for any earnings on funds in an ABLE account apply only to the extent the amount is included in federal adjusted gross income.

Provided to the Committee is a chart we have prepared that breaks down each provision of the bill and matches it with the corresponding paragraph from the bill's summary section. This side-by-side chart provides a brief explanation of each provision of the bill.

MRS anticipates offering an amendment for consideration during the Work Session.

The bill's estimated fiscal impact is negligible. The bill has no projected administrative costs, and, if enacted, would simplify tax administration.

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

Be it enacted by the People of the State of Maine as follows:

Sec. A-1. 36 MRSA §5122, sub-§1, ¶KK	Removes references to the expired Maine capital investment credit and makes other changes related to the removal of those references
Sec. A-2. 36 MRSA §5122, sub-§1, ¶QQ	
Sec. A-3. 36 MRSA §5122, sub-§2, ¶M-3	Aligns the pension deduction phase-out for married individuals filing separate returns with that of single individuals.
Sec. A-4. 36 MRSA §5122, sub-§2, ¶RR	Removes references to the expired Maine capital investment credit and makes other changes related to the removal of those references
Sec. A-5. 36 MRSA §5200-A, sub-§1, ¶CC	
Sec. A-6. 36 MRSA §5200-A, sub-§1, ¶II	
Sec. A-7. 36 MRSA §5200-A, sub-§2, ¶FF	
Sec. A-8. 36 MRSA §5295, sub-§4, ¶B	Corrects a cross-reference to the law authorizing income tax due date extensions.
Sec. B-1. 36 MRSA §1760, sub-§5-A	Removes crutches and wheelchairs from the exemption pertaining to prosthetic or orthotic devices under the Maine Revised Statutes, Title 36, section 1760, subsection 5-A that were made redundant by the recently enacted exemption of "durable medical equipment".
Sec. B-2. 36 MRSA §1760, sub-§58	Repeals the sales tax exemption for sales of tangible personal property to be physically incorporated in and become a part of a portable classroom for lease to a school since this exemption is included in the exemption for property used in production, which includes sales to lessors of tangible personal property that becomes an ingredient or component part of property to be leased or rented out.
Sec. B-3. 36 MRSA §1760, sub-§74, ¶A	Clarifies the sales tax exemption for property used in production to correspond with the recent inclusion of leases in the definition of "sale".
Sec. B-4. 36 MRSA §1760, sub-§74, ¶B	

Sec. B-5. 36 MRSA §4403, sub-§1	Clarifies that the tobacco products tax on smokeless tobacco applies to smokeless tobacco products.
Sec. B-6. 36 MRSA §4403, sub-§1-A	
Sec. C-1. 36 MRSA §502, first ¶	Clarifies that the property tax year is from April 1st to March 31st instead of the overlapping April 1st to April 1 st .
Sec. C-2. 36 MRSA §943, 4th ¶	Clarifies the procedure for documenting that a seller of real property has paid the seller's pro rata share of taxes owed on property that is still the subject of a lien reflecting taxes due from someone else.
Sec. C-3. 36 MRSA §948, first ¶	Changes cross-references as they pertain to a lien upon real estate.
Sec. C-4. 36 MRSA §949	Repeals, for property acquired by a municipality for delinquent taxes, the law regarding an excess funds process that a municipality is permitted to implement by ordinance. That process was rendered obsolete by the enactment of the Maine Revised Statutes, Title 36, section 943-C.
Sec. C-5. 36 MRSA §1281, first ¶	Corrects a clerical error.
Sec. C-6. 36 MRSA §1283	Ensures that any sales of real estate upon which a tax lien mortgage has been foreclosed, other than sales to the former owner of the real estate, are made in compliance with the requirements of the United States Supreme Court's decision in Tyler v. Hennepin County (598 U.S. 631).
Sec. C-7. 36 MRSA §2723-A, sub-§5-A	Makes a grammatical correction by replacing the term "sum" with "product".
Sec. C-8. 36 MRSA §6252, sub-§2	Clarifies that property held in a revocable living trust meets the fee simple estate ownership requirement for the homestead property tax deferral program.
Sec. C-9. 36 MRSA §6254, sub-§2-B	Aligns the homestead property tax deferral program's foreclosure process with the general property tax provisions regarding the sale of foreclosed property.
Sec. D-1. 36 MRSA §151-C, sub-§3	Changes the taxpayer advocate and experience officer's annual reporting requirement start date from January 15, 2026, to

	January 15, 2027, and applies that change retroactively to January 1, 2026.
Sec. D-2. 36 MRSA §507, sub-§1	Removes the requirement that the State Tax Assessor annually provide each municipality with the amount of state-municipal revenue sharing and state aid for education. The Department of Education and the Office of the Treasurer of State maintain and provide this information on their respective websites.
Sec. D-3. 36 MRSA §5122, sub-§2, ¶L	Clarifies the repeal of the law regarding the income subtraction modification for long-term care insurance premiums made in Public Law 2015, chapter 267.
Sec. D-4. 36 MRSA §5122, sub-§2, ¶QQ	Clarifies that the subtraction modification for any earnings on funds in an account established under a qualified ABLE program applies only to the extent the amount is included in federal adjusted gross income.