



Mailing: PO Box 437
Street: 1 Weston Court, Suite
103
Augusta, ME 04332
207.622.7381
mecep.org

Testimony Neither For Nor Against LD 2212, An Act Making Supplemental Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2026 and June 30, 2027

February 19, 2026

Senators Rotundo and Grohoski, Representatives Gattine and Sayre, and members of the Appropriations and Taxation Committees, my name is Maura Pillsbury and I am a tax policy analyst at Maine Center for Economic Policy. We are submitting this testimony on the tax conformity provisions in the supplemental budget.

The changes made by HR 1, the federal bill also known as the “One Big Beautiful Bill Act,” slashed taxes for big corporations and wealthy Americans and paid for by those give aways by cutting everyday Americans’ food assistance and health care. This was unconscionable, and Maine should not repeat Congress’ mistakes.

We ask the Committees to reject conformity with the tax cuts in HR 1, something this budget largely does with a few notable exceptions, and instead make important investments that will allow all Mainers to thrive—investments in child care, direct care, education, health care, food assistance, eviction prevention; the list of unmet needs is long and will continue to grow as HR 1 is phased in over the next biennium.

If Maine fully conforms to the changes in HR 1 at the state level, these tax cuts will disproportionately benefit already successful businesses, giving them even more tax breaks for making capital investments for which the state already offers a plethora of tax breaks. The few provisions in HR 1 that do benefit working people, including the partial tip and overtime exemptions, are narrowly tailored and will only benefit 2-5% of working Mainers while leaving most behind. Mainers deserve better than table scraps while the ultra-wealthy and mega-corporations enjoy an all-you-can-eat buffet.

Maine can instead meet this moment by doing the opposite—rejecting tax giveaways to the wealthy and big corporations, instead raising robust revenue by asking more from those who have the most to ensure our communities are fully funded. This legislature has already supported three proposals—LD 229, LD 1089, and LD 1879—that would increase taxes on those with wealth and large corporations. Now is the time to be bold and include these

policies in the supplemental budget, turning away from a scarcity mindset and using these resources to fix the most pressing problems in our state.

We would like to draw the Committees' attention to provisions that are not enumerated in the Governor's proposed budget, but instead are incorporated by reference by conforming to federal adjusted gross income. These include the Qualified Small Business Stock exemption (which actually benefits businesses with assets of up to \$75 million, not only small businesses, and primarily benefits those with higher incomes)ⁱ and the exemption for investments in Opportunity Zones (which primarily benefit investors rather than underserved communities).ⁱⁱ MECEP is opposed to these, as well as the plethora of other possible tax conformity provisions that would benefit bigger businesses that already have the capacity to make big, up-front capital investments. The immediate 100% deduction for R&D expenses included in the Governor's budget would benefit businesses with gross receipts of less than \$31 million per year—again, hardly what could be reasonably defined as a "small business."

MECEP supports updating the law on global intangible low taxed income (GILTI) to change it to net controlled foreign corporation tested income (NCTI), which will help capture more international tax avoidance.ⁱⁱⁱ MECEP also supports increasing the standard deduction, which will benefit most Mainers.

Additional MECEP analysis and positions on specific conformity provisions of HR 1 can be found here: <https://www.mecep.org/wp-content/uploads/2026/01/MECEP-Conformity-OBBBA-Memo-Dec-2025.pdf>

Thank you for your time. I would be happy to answer any questions. maura@mecep.org

ⁱ Austin, Sarah and Nick Johnson. "Quite Some BS: Expanded 'QSBS' Giveaway in Trump Tax Law Threatens State Revenues and Enriches the Wealthy." 2 Oct 2025. Institute on Taxation and Economic Policy.

<https://itep.org/qsbs-trump-tax-law-threatens-state-revenues-enriches-wealthy/>

ⁱⁱ Theodos, Brett and Brady Meixell. "Opportunity Zones Need to Be Retooled to Achieve Impact." 12 May 2025. The Urban Institute. <https://www.urban.org/urban-wire/opportunity-zones-need-be-retooled-achieve-impact>

ⁱⁱⁱ Davis, Carl. "NCTI is an Important Part of the Federal Corporate Tax. States Should Adopt It Too." 12 Feb 2026. Institute on Taxation and Economic Policy.

<https://itep.org/ncti-is-an-important-part-of-the-federal-corporate-tax-states-should-adopt-it-too/>