

HOSPITALITY
MAINE



45 Melville St. Augusta, ME 04330
207-623-2178
www.hospitalitymaine.com

327 Water St, Hallowell, ME 04347
207-623-0363
www.mainetourism.com

Testimony of Nate Cloutier

Before the Joint Standing Committees on Taxation

February 19, 2026

In Opposition to LD 2010, “*An Act Updating References to the United States Internal Revenue Code of 1986 Contained in the Maine Revised Statutes*”

Senator Grohoski, Representative Sayre, and esteemed members of the Joint Standing Committee on Taxation, my name is Nate Cloutier, and I am here on behalf of HospitalityMaine (HM) and the Maine Tourism Association (MTA). HM represents Maine’s hospitality industry, including lodging establishments, restaurants, and related businesses. MTA has been promoting Maine and supporting tourism-related businesses for over 100 years. Both organizations oppose LD 2010 as drafted, “*An Act Updating References to the United States Internal Revenue Code of 1986 Contained in the Maine Revised Statutes.*”

LD 2010 updates Maine’s reference to the federal Internal Revenue Code to December 31, 2025. We understand that the intent is to bring Maine’s code partially in line with federal changes, but the governor’s proposal does not include conformity on two provisions that matter directly to the hospitality workforce: the federal treatment of tips and the federal treatment of overtime.

Workers who earn income through tips and overtime in hospitality are often the first and last impression visitors have of Maine. That includes servers, bartenders, housekeepers, guides, and front-line staff across our industry. They host our guests, welcome them into our communities, and shape how people think about our state. Recognizing that contribution by aligning Maine’s tax treatment with federal law on tips and overtime is a practical way to support them.

As this Committee and the Appropriations Committee consider what Maine should adopt and not adopt, we should, at a minimum, conform to those federal provisions that affect the take-home pay of front-line hospitality workers. Doing so would help attract and retain employees in an essential sector, streamline tax filings, and align Maine with federal treatment of those earnings.

In addition, as the committee considers federal tax conformity more broadly, Maine should adopt a Pass-Through Entity Tax (PTET) framework.

Today, more than 35 other states have enacted PTET laws that allow pass-through businesses to pay state income tax at the entity level rather than at the individual owner level. Many hospitality businesses are organized as S corporations, partnerships, or LLCs. Providing a PTET option gives those small businesses a degree of state tax relief while keeping Maine competitive with the approach already taken in most other states. It also allows tax to be remitted at the entity level, which can simplify administration and ideally support more consistent collections for the state.

For these reasons, we respectfully ask the committee to oppose the conformity package as presented and instead pursue a targeted conformity that includes the federal “no tax on tips” and “no tax on overtime” and a PTET option for pass-through businesses.

Thank you for your time and consideration. I would be happy to answer any questions.