STATE OF MAINE

IN THE YEAR OF OUR LORD

TWO THOUSAND TWENTY-FOUR

H.P. 1212 - L.D. 1891

Resolve, to Require the Office of Tax Policy to Study the Adoption of a Pass-through Entity Income Tax

Sec. 1. Department of Administrative and Financial Services, Bureau of Revenue Services, Office of Tax Policy to examine and evaluate system of taxation of business income and possible adoption of pass-through entity income tax. Resolved: That the Department of Administrative and Financial Services, Bureau of Revenue Services, Office of Tax Policy shall examine and evaluate the State's current system of taxation of business income, including the current system of taxing pass-through business income at the partner or shareholder level, and the possible adoption of a pass-through entity income tax to tax such pass-through income, including the possibility of moving the taxation of that income, or some portion of that income, from the partner or shareholder level to the business entity that generated the income. The study must include examination of the impact of the adoption of a pass-through entity income tax on a mandatory and an elective basis, on a permanent and time-limited basis and on a retroactive basis. The Office of Tax Policy shall also include in the study consideration of the impact of the federal state and local tax deduction limitation on individual taxpayers in the State, and the manner and fiscal impact of how a pass-through entity income tax has been enacted and implemented in other states to, in part, address the state and local tax deduction. The Office of Tax Policy may consult with national income tax experts as appropriate. No later than January 15, 2025, the Office of Tax Policy shall submit a report based on the study to the joint standing committee of the Legislature having jurisdiction over taxation matters that includes its findings and recommendations, including suggested legislation. The joint standing committee may submit legislation related to the report to the 132nd Legislature in 2025.