

ENACTED TAX LEGISLATION – 2025 SESSION

1st Regular Session general (non-emergency) effective date: June 20, 2025

1st Special Session general (non-emergency) effective date: September 24, 2025

(Includes legislation enacted in prior sessions that becomes effective beginning in 2025)

1) Administrative Provisions

Taxpayer advocate and experience officer. The taxpayer advocate position in the Department of Administrative and Financial Services (DAFS) is retitled to the taxpayer advocate and experience officer and the statutory duties of the position are revised to clearly define the taxpayer assistance and other tasks that must be performed by the position.

Beginning in 2026, the date by which the taxpayer advocate and experience officer must submit the annual report of its activities and recommendations to the Governor, the DAFS Commissioner, the DAFS Associate Commissioner for Tax Policy, the state tax assessor and the joint standing committee of the Legislature having jurisdiction over taxation matters, is changed from August 1 to January 15. Effective September 24, 2025. 36 M.R.S. § 151-C; L.D. 1876; P.L. 2025, c. 486, Pt. A.

Special report of the taxpayer advocate and experience officer- state tax credits. The taxpayer advocate and experience officer within DAFS is required to study and develop recommendations to increase the use of state tax credits that may be claimed by individuals in this State by examining the following: current use of state tax credits; services offered by large tax preparation firms with respect to assisting customers to access state tax credits; the role of State Government in promoting public awareness of individual state tax credits; and, municipal efforts to promote public awareness of individual state tax credits. The taxpayer advocate and experience officer is required to submit to the joint standing committee of the Legislature having jurisdiction over taxation matters by November 4, 2026, a report consisting of the taxpayer advocate and experience officer's findings and recommendations, including any proposed legislation. The joint standing committee may report out legislation related to the report to the 133rd Legislature in 2027. L.D. 1876; P.L. 2025, c. 486, Pt. B.

Disclosure of tax information/income tax credit for investment in qualified professional baseball facilities in the State. MRS is authorized to disclose to the Joint Standing Committee on Taxation the revenue loss attributable to each taxpayer claiming the refundable income tax credit for investment in a qualified professional baseball facility allowed under 36 M.R.S. § 5219-BBB. Effective August 9, 2024. 36 M.R.S. § 191(2)(UUU); L.D. 2258; P.L. 2023, c. 667, § 1.

2) General

Loring Job Increment Financing Fund. The law is amended to clarify that payments to the Loring Job Increment Financing Fund may not include state income withholding taxes derived from employment at a business within the base area to the extent the withholding is attributable to any qualified employees whose gross wages are used to calculate the Maine Employment Tax Increment Financing program benefit. Effective September 24, 2025. 5 M.R.S. § 13080-Q(2)(C); L.D. 68; P.L. 2025, c. 271, Pt. C, § 1.

Affected program(s): Loring Job Increment Financing program.

Brunswick Naval Air Station Job Tax Increment Financing Fund. The law is amended to extend the sunset date of the Brunswick Naval Air Station Job Increment Financing Fund from January 1, 2031, to January 1, 2035, and to increase the minimum number of net new jobs from 5,000 to 8,000 that triggers a requirement for legislative review. Effective September 24, 2025. 5 M.R.S. § 13083-S-1(3)(F); L.D. 1819; P.L. 2025, c. 299.

Affected program(s): Brunswick Naval Air Station Job Tax Increment Financing program.

Visual media production certification. The law is amended to exclude commercial or promotional productions intended to advance a product or service for the benefit of an individual or organization and productions produced primarily for industrial, corporate, or institutional purposes or for internal use from the visual media production reimbursement and certified visual media production tax credit programs. Effective September 24, 2025. 5 M.R.S. §§ 13090-L(2-A)(D)(5) through 13090-L(2-A)(D)(8); L.D. 1493; P.L. 2025, c. 421.

Affected program(s): individual, fiduciary, and corporate income taxes.

Maine Space Corporation. The law is changed to clarify that the Maine Space Corporation is a nonprofit corporation under Maine law whose duties, activities, and operations “must align with” the requirements of the Internal Revenue Code, Section 501(c)(3). The Corporation is deemed to act as “an instrumentality of the State” and is a quasi-independent state entity that performs an essential governmental function. Certain information provided to, or developed by, the Corporation including any financial statement, or supporting data of a financial statement, or tax return “of any person,” is confidential. Effective September 24, 2025. 5 M.R.S. §§ 13201, 13203(2)(C), 13203(4)(E), 13210, 13210-A, 13212, and 13213; L.D. 1863; P.L. 2025, c. 258.

Student Homelessness Prevention Program. Financial assistance received by a taxpayer under the Student Homelessness Prevention program under 20-A M.R.S. § 6691 may not be considered income for purposes of the Maine income tax or as an asset for purposes of determining eligibility for, or the benefit amount to be paid from, any public assistance program administered by the State or by a municipality pursuant to Title 22, chapter 1161. The Student Homelessness Prevention program is administered by the Maine Department of Education. Effective September 24, 2025. 20-A M.R.S. § 6691(4). L.D. 384; P.L. 2025, c. 453.

Conformity. References to the United States Internal Revenue Code of 1986 contained in the Maine Revised Statutes, Title 36 are updated to refer to the United States Internal Revenue Code of 1986 as amended through December 31, 2024. Applies to tax years beginning on or after January 1, 2024 and to any prior tax year as specifically provided by the United States Internal Revenue Code of 1986 as amended. Effective July 1, 2025. 36 M.R.S. § 111(1-A); L.D. 48; P.L. 2025, c. 432.

Affected program(s): individual, fiduciary, and corporate income taxes; income tax withholding; pass-through entity withholding; and franchise tax.

Effect of federal income tax law changes on Maine income tax laws. The law is amended to provide a statutory framework for the State Tax Assessor, at the direction of the Governor, to administer the tax filing season when the Maine Legislature has not yet acted on federal tax law changes that impact the State tax filing season. The DAFS Commissioner is required to report in writing to the Governor and certain legislative leaders a description of the federal changes and their potential effect on Maine income tax laws and the State budget. After receiving the report, the Governor may direct the State Tax Assessor to temporarily adjust the Assessor's administration of the tax filing season, pending potential enactment of conformity legislation by the Legislature, based on some or all of the federal income tax law changes. Reporting of the Governor's direction to certain legislative leaders is required. The State Tax Assessor must implement certain procedural steps to facilitate Maine Revenue Services' administration and taxpayer filings during the tax filing season, including providing taxpayer information and guidance. Effective September 24, 2025. 36 M.R.S. §§ 5231(4) and 5295; L.D. 221; P.L. 2025, c. 336.

Affected program(s): individual, fiduciary, and corporate income taxes; income tax withholding; pass-through entity withholding; and franchise tax.

3) Individual, Fiduciary, and Corporate Income Taxes
Franchise Tax
Insurance Premiums Taxes
Mining Excise Tax
Pass-through Entities

Changes applicable to tax years beginning 2025

Insurance premiums tax returns; worker's compensation insurance. The law is amended to eliminate the requirement for insurance companies and associations to file a separate annual tax return to report workers' compensation insurance premiums. The tax on these premiums will continue to be reported on the annual insurance premiums tax return. Effective September 24, 2025. 36 M.R.S. § 2523(2); L.D. 288; P.L. 2025, c. 113, Pt. C, § 1.

Affected program(s): insurance premiums tax.

High technology investment tax credit. The carryforward period relative to the high-technology investment tax credit has expired. The credit may no longer be claimed for tax years beginning on or after January 1, 2020. Therefore, the law is amended to remove references to the credit. Effective September 24, 2025. 36 M.R.S. §§ 5122(1)(J), 5200-A(1)(K), 5219-M, and 6652(1); L.D. 288; PL 2025, c. 113, Pt. C, §§ 2, 3, 4, and 13.

Affected program(s): individual, fiduciary, and corporate income taxes.

Pension income deduction. The following changes are made to the pension income deduction:

- The law is amended to exclude from the pension income deduction distributions from an employee retirement plan received prior to age 55 that are not part of a series of substantially equal periodic payments made over the life of the primary recipient or the joint lives of the primary recipient and the primary recipient's designated beneficiary, whether or not the benefits are subject to the additional 10% federal tax on early distributions. Effective September 24, 2025. 36 M.R.S. § 5122(2)(M-2)(2)(a); L.D. 68; P.L. 2025, c. 271, Pt. C, § 2.
- For tax years beginning on or after January 1, 2025, the pension income deduction is subject to phaseout for taxpayers whose federal adjusted gross income is more than \$125,000 for single individuals or married individuals filing separate returns; \$187,500 for individuals filing as heads of households; and \$250,000 for individuals filing married joint returns or as surviving spouses. For tax years beginning after 2025, the phaseout threshold amounts are adjusted for inflation. Effective September 24, 2025. 36 M.R.S. §§ 5122(2)(M-3), 5403(8), 5403(9), and 5403(10); L.D. 210; P.L. 2025, c. 388, Pt. H.

Affected program(s): individual income taxes.

Gain on the sale of a business to a cooperative affordable housing corporation or a municipal housing authority income subtraction modification. For tax years beginning on or after January 1, 2025, to the extent included in federal adjusted gross income (for individuals) or federal taxable income (for corporations) and otherwise subject to Maine income tax, up to \$750,000 of gain recognized on the sale of a majority ownership interest in a qualified business is deductible in calculating Maine taxable income. The qualified business must provide housing and be transferred to a cooperative affordable housing corporation organized under 13 M.R.S., chapter 85, subchapter 1-A, or a municipal housing authority as defined in 30-A M.R.S. § 4702(10-A), or an affiliate of a municipal housing authority. A qualified business is any business that is not publicly traded and is registered with the Secretary of State or has its principal place of business in Maine, including a corporation, an S corporation, a limited liability company, a limited liability partnership, and a sole proprietorship. The tax deduction is subject to ongoing evaluation and review by the Office of Program Evaluation and Government Accountability, the Government Oversight Committee, and the joint standing committee of the Legislature having jurisdiction over taxation matters. Effective September 24, 2025. 36 M.R.S. §§ 5122(2)(AAA) and 5200-A(2)(JJ); L.D. 554; P.L. 2025, c. 455.

Affected program(s): individual, fiduciary, and corporate income taxes.

Partnership-level audit and administrative adjustment report. The laws governing income taxation of partnerships is amended to 1) clarify that “reviewed year,” includes the taxable year of a partnership that files an administrative adjustment request from which federal adjustments arise; and 2) specify that interest and penalties on partnership income tax due accrues beginning the 15th day of the 3rd month following the end of the taxable year of the partnership subject to the partnership-level audit or administrative adjustment request. Effective September 24, 2025. 36 M.R.S. §§ 5195(20) and 5196(3)(B)(10); L.D. 68; P.L. 2025, c. 271, Pt. C, §§ 3 and 4.

Affected program(s): partnership-level audit and administrative adjustment report.

Employer support for volunteer firefighters and volunteer municipal emergency medical services persons tax credit. For tax years beginning on or after January 1, 2025, the employer support for volunteer firefighters and volunteer municipal emergency medical services persons credit is extended to include volunteer municipal firefighters that are part-time or on-call municipal firefighters who receive up to 20% of the compensation of a full-time municipal firefighter and who may receive injury and death benefits. The credit may not exceed the tax liability of the taxpayer. Effective October 25, 2023. 30-A M.R.S. § 3151(5) and 36 M.R.S. § 5217-F; L.D. 1802; P.L. 2023, c. 478.

Affected program(s): individual, fiduciary, and corporate income taxes; franchise tax.

Credit for rehabilitation of historic properties after 2007. For tax years beginning on or after January 1, 2025, the following changes are made to the credit for rehabilitation of historic properties after 2007 with respect to expenditures for which the federal credit under Internal Revenue Code, Section 47 is claimed:

- The maximum credit amount is increased from \$5,000,000 in the first year a tax credit may be claimed (the first year in which all or a portion of the certified historic rehabilitation is placed in service) to \$10,000,000 over the first and second years a tax credit may be claimed (the first and second years during which all or a portion of the certified historic rehabilitation is placed in service). No more than \$10,000,000 may be claimed over the first two years of the project. The annual credit limit for any portion of a certified historic rehabilitation placed in service after the first two years of the project remains unchanged at \$5,000,000 per year. The refundable credit must be claimed over four tax years, equal to 25%, beginning with the tax year the property is placed in service. Effective September 24, 2025. 36 M.R.S. §§ 5219-BB(4) and 5219-BB(4-A); L.D. 146; P.L. 2025, c. 444.
- The tax credit is increased from 25% to 35% of the qualified rehabilitation expenditures (QREs) for certified projects located in rural areas of the State as long as not less than 33% of the aggregate square feet of the certified historic structure constitutes apartments, dwellings, or other living accommodations. The credit is increased to 45% of the QREs if the certified historic structure is also a certified affordable housing project. A rural area is defined as an unorganized territory of the State or a municipality that has a population of less than 12,500 inhabitants as determined by the latest decennial census of the United

States. Effective September 24, 2025. 36 M.R.S. §§ 5219-BB(1)(E) and 5219-BB(10); L.D. 1755; P.L. 2025, c. 499.

Affected program(s): individual, fiduciary, and corporate income taxes; franchise tax; insurance premiums tax.

Maine capital investment credit. For tax years beginning on or after January 1, 2025, the Maine capital investment credit is repealed except that unused credit amounts may be utilized to the fullest extent allowed by the carryforward provisions for the credit. Effective October 25, 2023. 36 M.R.S. § 5219-NN(1-A); L.D. 258; P.L. 2023, c. 412, Pt. J, § 12.

Affected program(s): individual, fiduciary, and corporate income taxes.

Shipbuilding facility credit. The shipbuilding facility credit applied against Maine withholding tax liability may not be claimed for tax years beginning after December 31, 2018. Therefore, the law is amended to remove or clarify references to the former credit. Effective September 24, 2025. 36 M.R.S. § 5219-RR(1) and 36 M.R.S. c. 919; L.D. 288; P.L. 2025, c. 113, Pt. C, §§ 5 and 14.

Affected program(s): corporate income tax; income tax withholding.

Dependent exemption tax credit. The following changes are made to the dependent exemption tax credit:

- The law is amended to clarify that the income-based phaseout of the dependent exemption tax credit for nonresidents and part-year residents must be applied before the proration of the credit for those taxpayers. The credit for nonresidents is limited to the taxpayer's ratio of Maine source income to federal adjusted gross income. For part-year residents, the credit is prorated based on the ratio of the taxpayer's Maine income (Maine adjusted gross income during the period of Maine residency plus Maine source income during the period of nonresidency) to federal adjusted gross income. Effective September 24, 2025. 36 M.R.S. § 5219-SS; L.D. 288; P.L. 2025, c. 113, Pt. C, §§ 6, 7, 8, 9, 10, and 11.
- For tax years beginning on or after January 1, 2025, the dependent exemption tax credit amount is doubled for each qualifying dependent of the taxpayer who has not attained six years of age before the end of the taxable year. Effective September 24, 2025. 36 M.R.S. § 5219-SS(5); L.D. 210; P.L. 2025, c. 388, Pt. Q, § 2.
- For tax years beginning on or after January 1, 2025, the phaseout of the dependent exemption tax credit is changed to \$20 for each \$500 (previously \$7.50 for each \$1,000), or fraction thereof, by which a taxpayer's Maine adjusted gross income exceeds \$100,000 for single individuals; \$125,000 for individuals filing as heads of households; \$150,000 for individuals filing married joint returns or as surviving spouses; or, \$75,000 for married individuals filing a separate return. Under prior law, the thresholds were \$400,000 for married taxpayers filing joint returns and \$200,000 for all other taxpayers.

For tax years beginning after 2025, the income phaseout thresholds are adjusted for inflation. Effective September 24, 2025. 36 M.R.S. §§ 5219-SS(4), 5403(8), 5403(9), and 5403(10); L.D. 210; P.L. 2025, c. 388, Pt. Q, §§ 1, 3, 4, and 5.

Affected program(s): individual income tax.

Tax credit for major food processing and manufacturing facility expansion. The income tax credit for major food processing and manufacturing facility expansion is changed to 1) repeal the requirement that the qualified applicant's headquarters be located in Maine currently and for the five years prior to the application for approval; 2) extend the time by which the applicant must employ, or will employ, at least 40 full-time employees based in the State from "upon start-up" to within 12 months of start-up of the facility; 3) extend the time by which a qualified investment must be made to December 31, 2027; 4) increase the aggregate value of certificates of approval that may be issued by the DECD from \$100M to \$200M and increases the cap on any individual certificate of approval from \$85M to \$100M; 5) remove the credit limitation disallowing the credit for any tax year following two consecutive tax years during which the certified applicant's ordinary business income was not between \$5.5M and \$12M; 6) relax the requirement that the annual income of at least 75% of the taxpayer's employees must exceed the most recent annual per capita personal income in the county in which the facility is located to apply only to 75% of those employees who have been employed for at least 12 months; and 7) add additional reporting requirements for certified applicants.

Additionally, for tax years beginning on or after January 1, 2027, the annual credit amount is increased from 1.8% to 2% of the certified applicant's qualified investment.

Effective September 24, 2025. 36 M.R.S. § 5219-VV; L.D. 1951; P.L. 2025, c. 489.

Affected program(s): individual, fiduciary, and corporate income taxes.

Dirigo Business Incentives program tax credit. For tax years beginning on or after January 1, 2025, the Dirigo Business Incentives (DIRIGO) program income tax credit may be claimed by qualified businesses that have been certified under the program by the Department of Economic and Community Development (DECD) and make eligible capital investments in eligible business property or that provide qualified training to its employees within the State. The credit is equal to: (1) 10% of the eligible capital investment for property placed in service in Maine during the taxable year outside of Cumberland, Sagadahoc, and York counties; plus (2) 5% of eligible capital investment in property placed in service during the taxable year in Cumberland, Sagadahoc, and York counties; plus (3) \$2,000 for each qualified employee that completes a qualified training program during the tax year. The credit is limited to \$2 million and is refundable up to \$500,000 for any one tax year. The credit and the refundability caps must be prorated among affiliated businesses or members of pass-through entities. Unused portions of the nonrefundable portion of the credit may be carried forward for up to 4 succeeding tax years. The credit is subject to reporting requirements. Effective October 25, 2023. 36 M.R.S. § 5219-AAA; L.D. 258; P.L. 2023, c. 412, Pt. J, § 13.

Affected program(s): individual, fiduciary, and corporate income taxes; franchise tax.

Dirigo Business Incentives program. For purposes of the DIRIGO tax credit program, the definition of “layoff” is changed to exclude any reduction in workforce that is due to a restriction on the weight or passage of any vehicle on Maine roadways by the Department of Transportation under 29-A MRS § 2395. Effective September 24, 2025. 36 M.R.S. § 5219-AAA(1)(I); L.D. 1664; P.L. 2025, c. 372.

Affected program(s): individual, fiduciary, and corporate income taxes.

Qualified professional baseball facilities income tax credit. A qualified applicant that has made a qualified investment of at least \$1,000,000 between October 1, 2023 and November 30, 2026 in a qualified professional baseball facility in Maine and that has received a certificate of approval and a certificate of completion from DECD may be eligible for a refundable credit equal to 1.33% of the qualified investment, up to \$133,000 per tax year and \$1,995,000 in cumulative total. The credit may be claimed over a 15-year period beginning with the tax year during which the certificate of completion is issued, or the tax year beginning in 2025, whichever is later. The credit is subject to reporting requirements and recapture provisions. Effective August 9, 2024. 36 M.R.S. §§ 191(2)(UUU) and 5219-BBB; L.D. 2258; P.L. 2023, c. 667.

Affected program(s): individual, fiduciary, and corporate income taxes; franchise tax.

Estimated tax/installment due dates. The law is changed to clarify that, for individual and fiduciary income taxes, the penalty for underpayment of estimated tax may not be imposed with respect to the 4th required annual installment if the tax is paid in full by the last day of the first month of the following taxable year. Effective September 24, 2025. 36 M.R.S. § 5228(9); L.D. 288; P.L. 2025, c. 113, Pt. C, § 12.

Affected program(s): individual and fiduciary income taxes.

Voluntary checkoff for the easy enrollment health insurance program. The easy enrollment health insurance program and the individual income tax return voluntary health insurance check-off boxes are repealed. The State Tax Assessor may not disclose related taxpayer information with the Maine Health Insurance Marketplace, except for disclosures authorized by the taxpayer for tax years beginning in 2023 and 2024. Effective June 20, 2025. 22 M.R.S. §§ 5412 and 5413; 36 M.R.S. §§ 191(2)(RRR) and 5294; L.D. 609; P.L. 2025, c. 2, Pt. RR.

Affected program(s): individual income tax.

Changes applicable to tax years beginning 2026

Mining Excise Tax. For tax years beginning on or after January 1, 2026, the mining excise tax is changed to clarify the imposition and calculation of the tax and to add administrative provisions regarding filing extensions, amended returns, accounting periods and methods of accounting, and estimated tax payments, directs 75% of the mining excise tax revenue to the Mining Excise Tax Trust Fund and 25% to the General Fund, and aligns the Maine mining excise tax with the Maine environmental mining statutes in Title 38 and related regulations. See below for additional changes affecting the sales tax and property tax imposed on mining entities. Effective September 24, 2025. 1 M.R.S., c. 31; 5 M.R.S. §§ 453-A, 454-A(5), 455(2); 14 M.R.S. § 6662(1)(C)(2); and

36 M.R.S. §§ 271(2)(A), 271(10)(A), 603(10), 655(1)(S), 655(1)(S-1), 656(1)(I), 656(1)(I-1), 2013(1)(B-2), 2013(1)(C), 2013(2), 2013(3), 2854, 2855(2) through 2855(10), 2855(12) through 2855(17), 2856, 2857, 2857-A, 2858, 2859, 2861, 2862, 2862-A, 2863, 2865, 2866; L.D. 936; P.L. 2025, c. 469.

Affected program(s): mining excise tax.

Maine income tax treatment for the Mi’kmaq Nation. The law is changed to establish income (and sales) tax treatment for tribal members of the Mi’kmaq Nation residing on Mi’kmaq Nation Trust Land that is equal to the tax treatment of other tribal members and tribal entities in Maine. Specifically, definitions for “Mi’kmaq Nation” (36 M.R.S. § 111(1-F)) and “Mi’kmaq Nation Trust Land” (36 M.R.S. § 111(1-G)) are added, the definition of “tribal entity” (36 M.R.S. § 111(8)) is updated to include the Mi’kmaq Nation, the definition of “tribal land” (36 M.R.S. § 111(9)) is updated to include the Mi’kmaq Nation Trust Land, and the definition of “tribal member” (36 M.R.S. § 111(10)) is updated to include an enrolled member of the Mi’kmaq Nation. The effect of the definitional changes on the income tax treatment to members of the Mi’kmaq Nation residing on tribal land is, for tax years beginning on or after January 1, 2026, as follows:

- Tribal members residing on tribal land and the estate of a decedent who was a tribal member residing on tribal land are required to add back the amount of any losses derived from or connected with sources on tribal land determined in accordance with 36 M.R.S. § 5132. (36 M.R.S. § 5122(1)(PP))
- Tribal members residing on tribal land and the estate of a decedent who was a tribal member residing on tribal land may claim the income subtraction modification equal to the amount of income derived from or connected with sources on tribal land determined in accordance with 36 M.R.S. § 5132. (36 M.R.S. § 5122(2)(ZZ))

Effective September 24, 2025. 36 M.R.S. §§ 111(1-F), 111(1-G), 111(8), 111(9), 111(10), and 194-E; L.D. 982; P.L. 2025, c. 470, Pt. B.

Affected program(s): individual and fiduciary income taxes.

Corporate income tax exemption for the Mi’kmaq Nation. For tax years beginning on or after January 1, 2026, the law provides that the Mi’kmaq Nation or a corporation organized by the Mi’kmaq Nation under Section 17 of the federal Indian Reorganization Act is not subject to the Maine corporate income tax. Effective September 24, 2025. 36 M.R.S. § 5102(6); L.D. 982; P.L. 2025, c. 470, Pt. E.

Affected program(s): corporate income tax

Pension income deduction. For tax years beginning on or after January 1, 2026, the definition of military retirement plan, for purposes of the pension income deduction, is changed to include retirement plan benefits received as a result of service in the active or reserve components of the uniformed services of the United States as defined by 37 United States Code, Section 101(3).

Thus, military retirement pay received as a result of service in the United States Army, Navy, Air Force, Marines, Coast Guard, Space Force, National Oceanic and Atmospheric Administration, and Public Health Service will be fully exempt from Maine income tax. Effective September 24, 2025. 36 M.R.S. § 5122(2)(M-2); L.D. 366; P.L. 2025, c. 452

Affected program(s): individual income taxes.

Expanded municipal volunteer program for property tax assistance/income subtraction modification. For tax years beginning on or after January 1, 2026, the municipal property tax assistance program under 36 M.R.S., Chapter 907-A is expanded to include volunteers who are at least 60 years of age or to persons who are a volunteer firefighter as defined in 30-A M.R.S. § 3151(4), a volunteer municipal firefighter as defined in 30-A M.R.S. § 3151(5), and a person who is a volunteer municipal emergency medical services person as defined in 32 M.R.S. § 83(12) who is licensed under Title 32, chapter 2-B and receives up to 20% of the compensation of a worker employed 40 hours per week at the state minimum wage and who may receive injury and death benefits.

The municipal property tax assistance program permits a municipality to adopt an ordinance allowing qualified residents to earn up to the greater of \$1,000 or 100 times the state minimum hourly wage in benefits by volunteering to provide services to the municipality. To the extent included in federal adjusted gross income, the benefits earned may be deducted to calculate Maine taxable income.

A volunteer may not participate in both the expanded municipal program under 36 M.R.S. § 6232(1-B) and the volunteer program under 36 M.R.S. § 6232(1-A) in the same tax year.

Effective September 24, 2025. 36 M.R.S. §§ 5122(2)(EE), 6232(1), 6232(1-B) and 6232(1-C); L.D. 294; P.L. 2025, c. 337

Affected program(s): individual income tax.

Standard deduction. For tax years beginning after 2025, the basic standard deduction amount is adjusted for inflation. For tax years beginning on or after January 1, 2026, the Maine basic standard deduction is \$12,000 for single individuals and married persons filing separate returns; \$18,000 for heads of household; and \$24,000 for married individuals filing jointly or filing as surviving spouses. The Maine standard deduction amount is subject to phase-out. The Maine additional standard deduction amount for age/blindness is equal to the additional federal standard deduction amount for age/blindness under the Internal Revenue Code, Section 63(c)(3). Effective October 25, 2023. 36 M.R.S. §§ 5124-C(1-A), and 5124-C(1-B); L.D. 258; P.L. 2023, c. 412, Pt. ZZZ, §§ 4, 5, and 7.

Affected program(s): individual income tax.

New markets tax credit and the Maine New Markets Capital Investment Program. The Maine New Markets Tax Credit (NMTC) program is expanded by establishing the “program 2 tax credit authority.” The new program 2 tax credit authority authorizes the Finance Authority of

Maine (FAME) to allocate, on or after January 1, 2026, an additional \$250 million of qualified equity investments. For purposes of the new markets capital investment credit, the definition for “qualified community development entity” (QCDE) is expanded to include a Maine fund (i.e., a QCDE whose principal place of business is located in Maine). Under program 2 tax credit authority, the QCDE must issue qualified equity investment (QEI) within 12 months of FAME notification of credit authority allocation and must then invest 85% of the purchase price of the QEI in qualified active low-income community businesses in Maine within 12 months of the QEI being issued. Similar to program 1 tax credit authority, the program 2 tax credit is 39% of the qualified investment, claimed over 7 years, and the aggregate of all credits allowed during any one State fiscal year is capped at \$20 million. Credit recapture provisions apply.

Program 1 tax credit authority must be allocated by FAME before January 1, 2026. Qualifications and eligibility relative to tax credit authority allocated by FAME before January 1, 2026 are unchanged.

The Maine NMTC program is administered by FAME; credit claims are administered by Maine Revenue Services.

Effective September 24, 2025. 10 M.R.S. §§ 1100-Z(3)(B-1), 1100-Z(3)(F), 1100-Z(4), 1100-Z(6), 1100-Z(7); 36 M.R.S. §§ 5219-HH(1)(E-1), 5219-HH(1)(E-2), 5219-HH(1)(H), 5219-HH(1)(I), and 5219-HH(7)(C); L.D. 1217; P.L. 2025, c. 497.

Affected program(s): individual, fiduciary, and corporate income taxes; franchise tax; insurance premiums tax.

Renewable chemicals tax credit. For tax years beginning on or after January 1, 2026, the law is changed to remove the requirement that taxpayers claiming the renewable chemicals tax credit demonstrate to the DECD that at least 75% of the employees of the contractors hired or retained to harvest renewable biomass used in the production of the renewable chemicals meet the eligibility conditions specified in the Employment Security Law.

Effective September 24, 2025. 36 M.R.S. § 5219-XX(2); L.D. 1275; P.L. 2025, c. 477.

Affected program(s): individual, fiduciary, and corporate income taxes; franchise tax.

Changes applicable to tax years beginning 2027

Maine Seed Capital Tax Credit Program. For investments made in calendar years after 2026, the maximum annual aggregate amount of tax credit certificates that may be issued by the FAME to investors under the Maine Seed Capital Tax Credit program is increased from \$5,000,000 to \$10,000,000. Effective September 24, 2025. 10 M.R.S. § 1100-T(4); L.D. 125; P.L. 2025, c. 442

Affected program(s): individual, fiduciary, and corporate income taxes; franchise tax.

Tax credit for major food processing and manufacturing facility expansion. For tax years beginning on or after January 1, 2027, the income tax credit for major food processing and manufacturing facility expansion is increased from 1.8% to 2% of the certified applicant's qualified investment.

Effective September 24, 2025. 36 M.R.S. § 5219-VV; L.D. 1951; P.L. 2025, c. 489, § 8.

Affected program(s): individual, fiduciary, and corporate income taxes.

4) Sales, Use, and Special Taxes

Service Provider Tax

Service Provider Tax (“SPT”) repealed; former SPT services and related provisions relocated to sales tax. Beginning January 1, 2026, the SPT is repealed. Services formerly subject to SPT will be subject to the Sales and Use Tax at the rate of 5.5%, and include: (1) cable and satellite television or radio services; (2) fabrication services; (3) telecommunications services; (4) the installation, maintenance or repair of telecommunications equipment; (5) ancillary services; (6) the rental of video media and video equipment; and (7) the rental of furniture, audio media and audio equipment pursuant to a rental-purchase agreement. The two rental services listed will be subject to sales tax as leases or rentals of tangible personal property. The law moves the definitions, exemptions and sourcing provisions for these services from the SPT to the Sales and Use Tax. Effective January 1, 2026. 36 M.R.S. §§ 182, 191, 1752, 1760, 1819, and 2551–2560; L.D. 210; P.L. 2025, c. 388, Pt. G, §§ 1–4, 6–8, 12, 14–21, 23, 26–29, 31–38, and 42–48.

Sales tax imposed on digital audiovisual and audio services. Beginning January 1, 2026, “digital audiovisual and digital audio services” is defined and added to the taxable services subject to sales tax at the rate of 5.5%. “Digital audiovisual and audio services” is defined as “the electronic transfer of digital audiovisual works and digital audio works to an end user with the right of less than permanent use granted by the seller, including when conditioned upon continued payment from the purchaser or a subscription.” For purposes of this definition, “transfer electronically” or “electronic transfer” means “obtainment by the purchaser by means other than tangible storage media.” “Digital audiovisual works” means “a series of related images that, when shown in succession, impart an impression of motion, together with accompanying sounds, if any.” “Digital audio works” means “works that result from the fixation of a series of musical, spoken or other sounds, including ringtones.” Effective January 1, 2026. 36 M.R.S. §§ 1752(1-P)–(1-R), and (17-B); L.D. 210; P.L. 2025, c. 388, Pt. G, §§ 9–11, 33, and 48.

Sales tax rate increased for sales of adult use cannabis and cannabis products; application of revenues. Beginning January 1, 2026, the rate of tax imposed on sales of adult use cannabis or adult use cannabis products is increased from 10% to 14%. The percentage of adult use cannabis sales tax revenue transferred under 36 M.R.S. § 1818 to the Adult Use Cannabis Public Health

and Safety and Municipal Opt-in Fund is reduced from 12% to 9%. Effective January 1, 2026. 36 M.R.S. §§ 1811(1)(D)(5), and 1818; L.D. 210; P.L. 2025, c. 388, Pt. F, §§ 1–2, and 5.

Tribal related provisions amended to include the Mi’kmaq Nation. Beginning January 1, 2026, the sales tax exemptions and related provisions for certain tribes, tribal members, and tribal entities, including the transfer to tribes of sales tax revenue attributable to sales occurring on tribal land, are expanded to include the Mi’kmaq Nation. 36 M.R.S. §§ 111, 191, 194-E, 1760(112)–(114), and 1815. Effective January 1, 2026. L.D. 982; P.L. 2025, c. 470, Pts. B–D.

New sales tax exemptions for durable medical equipment, breast pumps, and mobility-enhancing equipment. Beginning January 1, 2026, the sale, including lease or rental, of durable medical equipment or breast pumps for home use, and mobility-enhancing equipment for home use or use in a motor vehicle, is exempt from sales tax. The terms “durable medical equipment” and “mobility-enhancing equipment” are mutually exclusive. “Durable medical equipment” means “equipment, including repair and replacement parts for such equipment, that: (A) can withstand repeated use; (B) is primarily and customarily used to serve a medical purpose; (C) generally is not useful to a person in the absence of illness or injury; and (D) is not worn in or on the body.” “Mobility-enhancing equipment” means “equipment, including repair and replacement parts for such equipment, that: (A) is primarily and customarily used to provide or increase the ability to move from one place to another and that is appropriate for use either in a home or a motor vehicle; (B) is not generally used by persons with normal mobility; and (C) does not include any motor vehicle or equipment on a motor vehicle normally provided by a motor vehicle manufacturer.” Effective January 1, 2026. 36 M.R.S. §§ 1752(1-L), (2-G), (6-K), (7-F), (8-C), (11), and 1760 (94), 116, and 117); L.D. 210; P.L. 2025, c. 388, Pt. G, §§ 5, 13, 22, 24–25, 30, 39–41, and 48.

New commercial production activity: commercial mining. Beginning January 1, 2026, the refund and exemption for depreciable machinery and equipment used directly and primarily in qualifying commercial production, including agriculture and aquaculture production, fishing, and wood harvesting, is expanded to include commercial mining. “Commercial mining” means the “commercial extraction or removal of metallic minerals or overburden or the preparation, washing, cleaning or other treatment of metallic minerals and includes the bulk sampling, advanced exploration, extraction or beneficiation of metallic minerals within a mining area.” Effective January 1, 2026. 36 M.R.S. § 2013; L.D. 936; P.L. 2025, c. 469, §§ 13–16.

Minor substantive changes related to lease stream reform. Beginning January 1, 2026, the following minor but substantive changes take effect: (1) the sales tax exemption for a watercraft, or materials used in a watercraft, sold to or used by a person that is not a resident of this State does not apply to the lease or rental of a watercraft; (2) for purposes of the sales tax exemption for sales sourced to tribal land, the sale of a motor vehicle to a tribal member or tribal entity is sourced to tribal land if the vehicle is intended to be driven or transported to tribal land immediately upon receipt of the vehicle; and (3) the tax on certain casual sales is imposed on certain casual rentals, and the 15-day safe harbor for casual rentals of living quarters also applies to certain casual rentals of tangible personal property. Effective January 1, 2026. 36 M.R.S. §§ 1760(25), (113)–(114), and 1764; L.D. 68; P.L. 2025, c. 271, Pt. B, §§ 1–5.

Technical changes related to lease stream reform. Beginning September 24, 2025, the following technical improvements in Maine’s tax law, which are consistent with current tax administration, clarify that: (1) the “retail sale” exclusion for the sale of tangible personal property to be leased or rented does not apply if the subsequent lease or rental is a casual rental; and (2) the deadline to place property into use as an exempt instrumentality of interstate or foreign commerce begins, in the case of a lease, at the commencement of the lease. Effective September 24, 2025. 36 M.R.S. §§ 1752(11)(B)(18), and 1760(41-A); L.D. 288; P.L. 2025, c. 113, Pt. B, §§ 1–2.

Hospital Tax

Hospital tax rate changes; new definitions. Beginning June 20, 2025, definitions were enacted for “acute care hospital,” “critical access hospital,” “psychiatric hospital,” and “rehabilitation hospital,” and references to publicly owned “specialty hospitals” were removed. Retroactive to January 1, 2025, the tax for psychiatric hospitals, excluding Riverview and Dorothea Dix Psychiatric Centers, is equal to 3.25%. Effective June 20, 2025. 36 M.R.S. §§ 2891, 2891-A, 2892, 2893(2-A)(B); L.D. 609; P.L. 2025, c. 2, Pt. II, §§ 1–4. Effective retroactive to January 1, 2025. 36 M.R.S. §§ 2892 and 2893(2-A)(C); L.D. 210; P.L. 2025, c. 388, Pt. II, §§ 1–6.

Cigarette Tax

Cigarette tax rate increased; floor stock tax. Beginning January 5, 2026, the cigarette tax rate increases by 75 mills, raising the rate from \$2.00 to \$3.50 per 20-stick pack, or from 10¢ to 17.5¢ per cigarette. A floor stock inventory tax is imposed on retailers possessing cigarettes for resale on January 5, 2026, and the amount of tax due must be reported to MRS on that date. Effective January 5, 2026. 36 M.R.S. §§ 4365, 4365-F, and 4365-G; L.D. 210; P.L. 2025, c. 388, Pt. E, §§ 1–3, and 6.

Tax stamp discount rate reduced, then repealed. Beginning January 5, 2026, the discount rate for cigarette tax stamps is reduced from 1.15% to 0.66%, and beginning April 1, 2026, the discount rate is repealed. Effective January 5, 2026. 36 M.R.S. § 4366-A(2)(D); L.D. 210; P.L. 2025, c. 388, Pt. E, §§ 4, 6. Effective April 1, 2026. 36 M.R.S. § 4366-A(2); L.D. 166; P.L. 2025, c. 493, §§ 3–4.

Cigarette tax penalties increased; vending machine and pharmacy sales banned. Beginning January 5, 2026, the penalties for cigarette tax licensing violations are increased, and the sale of cigarettes in a vending machine is prohibited. Beginning April 1, 2026, the sale of cigarettes by a pharmacy or retailer containing a pharmacy is prohibited. Effective January 5, 2026. 36 M.R.S. §§ 4362-A(4), 4365-F(2)–(3); L.D. 1938; P.L. 2025, c. 367, §§ 15–17, and 19–20. Effective April 1, 2026. 22 M.R.S. § 1551-A(6); L.D. 166; P.L. 2025, c. 493, §§ 2 and 4.

Tobacco Products Tax

Tobacco products tax rates increased. Beginning January 5, 2026, the tobacco products tax rates are increased by an amount equivalent to the cigarette tax rate increase. The smokeless tobacco rate is increased from \$2.02 to \$3.54 per package or prorated ounce, and the “other tobacco products” rate is increased from 43% to 75% of cost price. Effective January 5, 2026. 36 M.R.S. § 4403; L.D. 210; P.L. 2025, c. 388, Pt. E, §§ 5–6.

“Electronic smoking device” definition amended. Beginning January 5, 2026, the definition of “electronic smoking device” is amended by striking “to simulate smoking.” This change is non-substantive and mirrors tobacco-related health law changes in Title 22. Effective January 5, 2026. 36 M.R.S. § 4401(2-A); L.D. 1938; P.L. 2025, c. 367, §§ 18 and 20.

Cannabis Excise Tax

Cannabis excise tax rates reduced; sales or transfers between cultivation facility licensees not subject to tax; application of revenues. Beginning January 1, 2026, the cannabis excise tax rates are reduced by one-third, and sales or transfers of adult use cannabis to licensed cultivation facilities are not subject to tax. The percentage of cannabis excise tax revenue transferred to the Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund is reduced from 12% to 9%. Effective January 1, 2026. 36 M.R.S. §§ 4923 and 4925; L.D. 210; P.L. 2025, c. 388, Pt. F, §§ 3–5.

5) Property Tax

Current Use Programs

Working waterfront. The law clarifies that only land is eligible to participate in the Working Waterfront Current Use Program by removing references to non-land real estate, including wharves and piers, that were added to the statute last session. The law also expands eligibility to include land used to berth and store boats, or store commercial fishing gear. Effective September 24, 2025. L.D. 744; P.L. 2025, c. 380.

Excise Tax

Unhoused individuals. The law allows the Secretary of State to collect motor vehicle excise taxes from unhoused individual residents of the State if: (1) the motor vehicle was previously registered in Maine to the individual; (2) the municipality where the individual resides confirms that the municipality refused to accept the excise tax; and (3) the individual holds a driver’s license. Effective September 24, 2025. L.D. 611; P.L. 2025, c. 143.

Veteran’s exemption. The law establishes that veterans who have received an exemption from the motor vehicle registration fee may receive a motor vehicle excise tax exemption on no more than three motor vehicles, and that the veteran’s name must appear on a motor vehicle’s

certificate of title to receive the exemption. Effective May 30, 2025 (emergency). L.D. 1581; P.L. 2025, c. 152.

Real Estate Transfer Tax

Additional tax rate; exemption for certain first-time homebuyers. The law adds an additional tax, at the rate of \$3.80 per \$500 or fractional part of \$500, on the portion of a transferred property that exceeds \$1 million. This rate is in addition to the existing \$2.20 rate for transfers and applies to property transferred both via deed and controlling interest. The law also creates an exemption to the tax for the buyer and seller of real estate if the buyer receives financial assistance through Maine State Housing Authority's first-time home-buyer programs. Effective November 1, 2025. L.D. 210; P.L. 2025, c. 388.

Exemption for certain mobile home parks. The law exempts certain mobile home parks transferred pursuant 10 M.R.S. § 9094-A from the real estate transfer tax. The exemption applies to transfers both via deed and controlling interest transfer. Effective September 24, 2025. L.D. 1768; P.L. 2025, c. 484.

Tax remittance. The law increases the portion of the tax revenue collected by the county registries that is required to be remitted to Maine Revenue Services from 90% to 90.8% for fiscal years 2025-2026 and 2026-2027. Effective September 24, 2025. L.D. 1287; P.L. 2025, c. 498.

Tax Assistance Programs

Battery storage systems. The law clarifies that battery storage systems may be eligible under the Business Equipment Tax Exemption (“BETE”) and Business Equipment Tax Reimbursement (“BETR”) programs if more than 50% of the electrical output from the system serves load behind the utility meter where the battery storage system is located, or if the owner of the system had a fully executed interconnection agreement with a transmission and distribution utility on or before January 1, 2025. Effective September 24, 2025. L.D. 819; P.L. 2025, c. 467.

BETE applications. The law amends the BETE application deadline from April 1st to May 1st and removes the automatic May 1st application extension. The law also clarifies the authority of the assessor to grant extensions to the application deadline by establishing a three-month limit and requiring that the extension be granted for good cause. Effective September 24, 2025. L.D. 68; P.L. 2025, c. 271.

Municipal volunteer program. The law allows municipalities to establish by ordinance a program where certain eligible residents, including volunteer firefighters, volunteer medical personnel, or individuals 60 years of age or older, may volunteer to provide services to the municipality and receive up to \$1,000 or 100 times the state minimum wage in benefits proportional to the services provided. A municipality can establish additional procedures and standards of eligibility for participation in the program. Effective September 24, 2025. L.D. 294; P.L. 2025, c. 337.

Tax Increment Financing

Municipal facilities. The law expands the list of authorized project costs that may be funded using a tax increment financing district to include the construction or renovation of public safety facilities, including emergency shelters, and facilities owned by a municipality and used to provide municipal services. Effective September 24, 2025. L.D. 185; P.L. 2025, c. 310.

TIF district extensions. The law clarifies that for the ten-year period beginning on October 25th, 2023, certain tax increment financing districts may be extended for an additional 20 years beyond their planned expiration if the district uses at least 75% of the total tax increment financing revenue for affordable housing projects or transit-oriented development, or both. Effective September 24, 2025. L.D. 1044; P.L. 2025, c. 356.

Tax Liens

Commercial tax liens. The law reduces the length of time that a person may challenge the tax lien foreclosure of commercial property from four years to two years. Commercial property includes leased units, mobile home parks, office buildings, recreational facilities, and other real estate used or held for use primarily for a business purpose. The restriction applies to tax liens recorded after June 30, 2026. Effective September 24, 2025. L.D. 526; P.L. 2025, c. 231.

Lien discharge. The law establishes that, if the person named on a tax lien has sold the encumbered property, their name must be discharged from the lien if they show proof that they have paid their pro rata share of the taxes that the lien is based on. The discharge applies only to the seller of the property, and does not apply to the buyer. Effective September 24, 2025. L.D. 1895; P.L. 2025 c. 351.

Unorganized Territory

Conveyance of State interest in real estate in the unorganized territory. The resolve authorizes the State Tax Assessor to sell certain tax-acquired parcels located in the unorganized territory, subject to certain provisions. Effective September 24, 2025. L.D. 41; Resolves 2025, c. 94.

Municipal cost component for 2025-26 fiscal year. The law is part of the routine annual process for establishing the costs of administering the unorganized territory. The costs approved by the Maine Legislature must be incorporated into the 2025 property tax levy in the unorganized territory. The unorganized territory property tax is collected as dedicated revenue to the Unorganized Territory Education and Services Fund. Effective June 10, 2025 (emergency). L.D. 1584; P.L. 2025, c. 242.

Municipal deorganization. The law repeals a requirement that a written petition requesting that a municipality meet to consider deorganization include a minimum of ten voters. Effective September 24, 2025. L.D. 1302; P.L. 2025, c. 212.

Administrative/Miscellaneous

Abatement appeals. The law clarifies that, for non-residential property valued at more than \$1,000,000 and located in a municipality without a local board of assessment review, the appeal of an abatement decision of a local assessor may no longer go to the County Commissioners, but must instead go to the State Board of Property Tax Review. Effective September 24, 2025. L.D. 1325; P.L. 2025, c. 342.

County tax payments. The law allows county commissioners to establish more than one date that a pro-rata portion of county taxes are due, rather than one date when all taxes are due. Effective September 24, 2025. L.D. 286; P.L. 2025, c. 100.

Mining property. The law makes changes to the Mining Excise Tax under 36 M.R.S. c. 371 and limits the associated property tax exemption to only apply to unextracted minerals. Effective September 24, 2025. L.D. 936; P.L. 2025, c. 469.

Property tax relief study. The resolve creates the Real Estate Property Tax Relief Task Force, which is directed to study current problems in Maine's property tax system and explore possible constitutional and statutory solutions. The Task Force will report to the Legislature with preliminary findings and any recommended legislation on or before January 15, 2026. Effective July 1, 2025 (emergency). L.D. 1770; Resolves 2025, c. 108.

Taxation of renewable energy infrastructure study. The resolve directs the Governor's Energy Office (GEO) to study the taxation of renewable energy infrastructure in Maine and evaluate the efficacy of a uniform capacity tax in lieu of a property tax. The GEO will report to the Legislature with its findings and recommendations on or before November 4, 2026. Effective September 24, 2025. L.D. 1355; Resolves 2025, c. 116.