



This Week in State Tax (TWIST)

October 27, 2025



Maine: Governor Issues Guidance on Maine's Conformity to 2025 Federal Tax Changes

In response to the federal enactment of the One Big Beautiful Bill Act (OB3), Commissioner Figueroa (the Commissioner) of Maine's Department of Administrative and Financial Services (the Department) delivered a report to the state legislature describing the impact of OB3 on Maine's tax code and the state budget, and set forth recommendations on how to preserve the state's tax base and ensure efficient implementation of Maine's tax laws. Recall, Maine is a state with fixed conformity to the Internal Revenue Code (IRC), currently conforming to the IRC as of December 31, 2024. Maine passed a bill in its most recent session, L.D. 221 (codified as Me. Rev. Stat. tit. 36 § 5295), which requires the Commissioner to write a report to the Governor of Maine when federal tax changes will have an impact on Maine's budget and laws, but when the legislature has not had an opportunity to adjust the state tax code prior to processing tax returns for the impacted tax year. Once the report is delivered, the Governor has the choice of whether to temporarily adjust the state's tax laws in a manner consistent with legislative intent, but which is mindful of budgetary constraints and simplicity in administering Maine's tax laws.

In its report, the Commissioner advised the Governor to decouple from several OB3 amendments impacting corporate income tax, such as IRC sections 174 and 174A (R&D expense deduction), IRC section 168(n) (accelerated depreciation for qualified production property), and IRC section 168(k) (bonus depreciation). However, the Commissioner also recommended that the state conform to other amendments made to the IRC under OB3, including IRC section 165(h) (qualified disaster loss), IRC section 168(b) (qualified farm property), IRC section 179 (immediate expensing of certain property), IRC section 163(j) (business interest deduction), and IRC section 174A (R&D expenses but only as it related to small business amended returns).

On October 1, 2025, Governor Mills submitted a directive to the Maine State Tax Assessor requesting that all the changes recommended by the Commissioner be adopted. [For details on [L.D. 221](#), see our [TWIST of July 14, 2025](#)]. Please contact [Melissa DelleMonache](#) with questions on the [Determination and Direction of the Governor of the State of Maine](#) or the [Maine Report on 2025 Conformity with Federal Tax Law Changes](#).

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