

FocusMaine's Business Resources Guide¹

Corporate Income Tax Benefits

Maine Corporate Income Tax Single Sales Factor (Apportionment of Income)

Maine apportions the tax of multi-state businesses based on a single sales factor formula, as opposed to a three-factor (property, payroll and sales) apportionment formula used by some states. In general, the single-sales factor apportionment formula may provide a Maine income tax advantage to businesses that have operations in Maine but deliver most of their products or services outside the State into other states where the business is taxable.

[Chapter 801: Apportionment](#)

Dirigo Business Incentives Credit Program (Starts 2025)

Language can be found on pages 295-301 in the Governor's Biennial Budget 2024-2025 [here](#).

Maine's new premier business incentive program offers a 5% capital investment credit in York, Cumberland, and Sagadahoc Counties and a 10% capital investment tax credit in Maine's other counties), for tax years beginning on or after January 1, 2025. Eligibility applies to for-profit companies operating in Maine in certain specified sectors, including manufacturing and scientific research. The capital investment tax credit will be refundable, which means it will be payable to the taxpayer regardless of tax liability.

Net Operating Loss Carryforward

Maine currently allows NOL's to be carried forward to the same extent as under federal law.

[Examples for C Corporations](#)

[Examples for individuals](#)

Research Expense Tax Credit

Maine allows a corporate income tax credit equal to 5% of the excess, if any, of qualified research expenses over a base amount, and 7.5% of basic research payments determined in Section 41(e)(1)(A) of the Internal Revenue Code. Applies only to research conducted within Maine. Credit is limited to 100% of a corporation's first \$25,000 of tax due, plus 75% of the corporation's tax due, as determined in excess of \$25,000. Unused credits may be carried forward for up to 15 years.

Renewable Chemicals Tax Credit

Maine allows a credit against the tax imposed on income derived during the taxable year from the production of renewable chemicals, in the amount of \$0.08 per pound of renewable chemical produced in the State, pending eligibility and testing requirements (non-refundable tax credit).

Investor Income Tax Credits and Refunds

Seed Capital Investment Tax Credit

This program is designed to encourage equity investments in certain types of Maine businesses, directly and through private venture capital funds. The Finance Authority of Maine (FAME) may authorize state income tax credits to investors for 40% of the cash equity provided to eligible Maine businesses. Investments may be used for fixed assets, research or working capital. Aggregate investment eligible for the credit may not exceed \$3,500,000 for any one business and not more than \$2,000,000 for any calendar year. The investment with respect to which any individual is applying for a tax credit certificate may not be more than an aggregate of \$500,000 in any one business in any 3 consecutive years.

To qualify, the businesses must be located in Maine. The investor must own less than 50% of the business and may not otherwise control the business. Principal owners and their immediate relatives are not eligible. The annual gross sales of the business must be less than \$5,000,000. Operating the business must be the professional, full-time activity of at least one of the principal owners. Several other rules and limitations apply.

Federal Qualified Opportunity Zones Program

Maine has several federally designated Opportunity Zones, creating opportunities for funding through Qualified Opportunity Zone funds.

¹This publication contains highlights of selected Maine economic growth programs as of July 26, 2023. Not all programs are described. Most programs have additional restrictions and limitations that are not described herein. FocusMaine does not offer tax advice. Consult your tax advisor with respect to the applicability of the tax programs described herein.

Sales Tax Exemptions

Research and Development Sales Tax Exemptions for Biotechnology Applications

Maine provides a sales tax exemption for certain R&D equipment used by the purchaser directly and primarily in research and development in the experimental and laboratory sense. Examples of eligible biotechnology applications include technologies such as recombinant DNA techniques, biochemistry, molecular and cellular biology, immunology, genetics and genetic engineering, biological cell fusion techniques and new bioprocesses using living organisms or parts of organisms to produce or modify products, improve plants or animals, develop microorganisms for specific uses, identify targets for small-molecule pharmaceutical development, transform biological systems and useful processes and products or to develop microorganisms for specific uses.

Manufacturing and R&D Sales Tax Exemption

Purchases of machinery and equipment for use by the purchaser directly and primarily in production of tangible personal property intended to be sold or leased ultimately for final use or consumption, as well as 95% of the purchase of fuel or electricity used in a manufacturing facility, are eligible for exemption from Maine sales and use tax.

Custom Computer Programming Sales Tax Exemption

Any custom computer programming purchased by a business is exempt from sales tax. If a standard program is purchased, then customized, the cost of the standard program would be taxable and the customizing, if separately stated, would be nontaxable.

Property Tax Exemptions

Business Equipment Tax Exemptions (BETE)

Most new business equipment is exempt from local property tax under Maine's Business Equipment Tax Exemption program.

Municipal Tax Increment Financing (TIF) Program

This local program leverages new property taxes generated by a specific project to support development within a defined geographic district. Any portion of the new taxes may be used to finance public or private development for a period of up to 30 years. Using a credit enhancement agreement, TIF revenues can be returned to a developer to help finance a project. All projects must first be negotiated and approved by local government leaders and then approved by the state.

Property Tax Exemption for Solar and Wind Energy Equipment

36 M.R.S §§ 655 (1)(U) & 656(1)(K)

Certain solar and wind energy equipment is exempt from local property tax. The equipment must either generate heat or electricity that is used on the site where the property is located or transmitted through the facilities of a transmission and distribution utility, and a utility customer or customers receives a utility bill credit for the energy generated by the equipment. A taxpayer claiming the exemption must file an application with the municipality by April 1st of the first year the exemption is sought.

Investment, Financing, and Access to Capital

Maine Venture Fund

This organization makes equity investments in Maine businesses that have the highest potential for growth and impact, including life sciences and biotech companies.

Finance Authority of Maine (FAME)

FAME offers a wide array of business assistance programs, ranging from traditional loan insurance programs for both small and larger businesses, to direct loans. FAME has also established taxable and tax-exempt bond financing programs that allow strong, creditworthy firms in Maine to access capital at favorable rates and terms.

Maine Technology Institute (MTI)

This industry-led, publicly funded nonprofit is charged with stimulating the growth of technology-intensive companies that create quality jobs across the state. It is funded by the state of Maine and offers capital and commercialization assistance, loans, and grants. It also administers the Maine Technology Asset Fund, the state's \$53 million bond program boosting research and economic development across the state. MTI can offer \$25,000 to \$100,000 in grant funding and up to \$500,000 in low-cost debt. MTI also administers the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs within Maine.

Skills and Talent Corporate

Dirigo Business Incentives Credit Program (Starts 2025)

Language can be found on pages 295-301 in the Governor's Biennial Budget 2024-2025 [here](#).

For tax years beginning on or after January 1, 2025, qualified businesses may receive a tax credit of \$2,000,000 for each qualified employee engaged in a qualified employee training program provided by the business completed in the tax year. Various restrictions and limitations apply.

Maine Quality Centers

Grant money is available to subsidize training costs via Maine's Community College system. Employers can access up to \$1,200 per employee by joining the Maine Workforce Development Compact. A \$1,200 match is available in 2023, 2024, and 2025.

Harold Alfond Center for Advancement of Maine's Workforce

Coordinates all short-term workforce training programs for Maine's community colleges, working closely with business leaders and workforce specialists throughout the state. The Center, launched in 2021, speeds the delivery of critical training to both trainees and employers. The Alfond Center will serve 24,000 Mainers by 2025 in these three areas; 1) Pre-Hire Training; 2) Incumbent Worker Training; and 3) Scholarships. Training is grant-funded and usually free for the trainee.

Individual Talent Attraction and Retention

Maine Career Catalyst

This program creates a sense of community and provides professional development, recreational and other networking opportunities for college interns in Maine. It focuses on building an affinity for Maine and supporting students in their exploration of career paths.

Student Loan Repayment Tax Credit

The student loan repayment tax credit provides an income tax credit for Maine resident individual income taxpayers who are making eligible loan payments on loans that are part of a financial aid package from an accredited Maine or non-Maine college or university. Qualified individuals must have a minimum amount of earned income, to be determined annually based on the state minimum wage, and live and file income taxes in Maine after graduation. With certain exceptions, the credit is limited to \$2,500 annually, up to \$25,000 lifetime, per taxpayer.

The Alfond Grant: \$500 for Maine Children

The \$500 Alfond Grant is awarded to Maine resident babies for future higher education expenses. This grant allows new parents to open a Next Gen 529 college savings account and creates opportunities for 30% matching grants of up to \$300 per year for a \$1,000 family contribution.

