Governor Mills State of the State / What To Watch For

Governor Janet Mills is scheduled to deliver her State of the State address on Tuesday, and the business community will be watching closely for how she frames the state's fiscal outlook and policy priorities as the 2026 session advances.

Maine's most recent Consensus Revenue Forecast shows upward revisions to General Fund projections, with roughly $165 million more in projected revenue for FY 2026 and another $83 million for FY 2027 than previously estimated, reflecting stronger than expected collections in major tax lines and continued modest growth in the near term. These revisions suggest the state remains on relatively solid fiscal footing, and lawmakers will be attentive to how the Governor proposes to deploy those resources given competing priorities across education, health, transportation, and workforce development.

Alongside her broader budget goals, Governor Mills is expected to provide clarity on which federal tax conformity provisions from last year's "Great Big Beautiful Bill" she may support as part of her supplemental budget package. One area of particular interest to the business community is the pass-through entity provision from LD 191, which the Legislature's Taxation Committee has indicated it will hold for further discussion following the State of the State. Another closely watched issue will be how conformity around the taxation of tips and overtime pay is treated; these topics have garnered attention as policy choices that could resonate with voters while presenting technical implications for employers and payroll systems. The Governor's priorities, as laid out in the address and accompanying supplemental budget proposal, are likely to shape the contours of tax debates and revenue policy for the remainder of the session.