

**TESTIMONY OF
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DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Education and Cultural Affairs
Hearing Date: *May 5, 2025*

LD 1891 – “*An Act to Address the Dental Professional Workforce Shortage by
Establishing Scholarship and Loan Programs and Updating the Dental Care
Access Tax Credit*”

Senator Rafferty, Representative Murphy, and members of the Education and Cultural Affairs Committee – good morning, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Against LD 1891, “*An Act to Address the Dental Professional Workforce Shortage by Establishing Scholarship and Loan Programs and Updating the Dental Care Access Tax Credit.*”

This testimony is limited to the bill as it affects Maine Revenue Services. The bill proposes extending the dental care access tax credit to an additional 10 eligible dentists and 10 dental hygienists certified each year from 2025 through 2031 who agree to practice full time for at least five years in an extreme shortage area. The bill also extends the repeal date of the credit from December 31, 2027, to December 31, 2032. An “extreme shortage area” includes all Maine counties except Cumberland, Sagadahoc, and York. Eligibility for the credit is determined by the Oral Health Program (OHP) within Maine’s Department of Health and Human Services (DHHS).

The dental care access credit was first available for eligible dentists certified by the Maine DHHS OHP in 2009. Certification for the credit was sunset for two

years in 2016 and 2017 before being extended to dentists certified in 2018 through 2022. Currently, for dentists certified before 2023, an eligible dentist must agree to practice full-time for at least five years in an underserved area of the State as defined by federal guidelines. The credit may be first claimed in the tax year in which the eligible dentist meets the conditions of eligibility for at least six months and each of the four subsequent tax years, subject to continued eligibility. The maximum credit amounts are: \$6,000 for the first year, \$9,000 for the second year, \$12,000 for the third year, \$15,000 for the fourth year, and \$18,000 for the fifth year. The credit is nonrefundable and cannot be carried to other tax years. The credit is repealed on December 31, 2027.

This bill should be coordinated with LD 1652, also presented this Session and referred to the Taxation Committee, which proposes a tax credit for dental providers who treat MaineCare patients.

The Administration notes the following technical concerns:

- The bill should be amended to correlate the sunset dates relative to 2023 and 2024 during which no dentists were certified (36 MRSA §§ 5219-DD(2)) and whether dentists/hygienists may be certified after 2031 (36 MRSA § 5219-DD(3)).
- If a sunset to the program is intended, the last date of certification should be included (36 MRSA § 5219-DD(3)) and the credit repeal extended to allow eligible dentists and dental hygienists to claim the credit for each of the subsequent five tax years (36 MRSA § 5219-DD(6)).

It should also be noted that providing this benefit through the tax code creates additional steps and delays for recipients, as well as increased

administrative costs for the State. If the Committee intends on passing a proposal of this nature, alternative approaches, for instance allocating funds to a grant program or crafting legislation targeting the underlying issues, could be simpler, more efficient, and likely more effective than this bill. In addition, the Administration would like to caution that there are many professions with a shortage of workers, and it is simply not feasible for the State to offer tailored tax credits for every sector of the Maine economy.

The preliminary estimated fiscal impact is not available at this time.

The preliminary estimated administrative costs are nominal and can be absorbed within current budgetary allotments.

The Administration looks forward to working with the Committee on the bill.