

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

Before the Joint Standing Committee on Health Coverage, Insurance and Financial
Services

Hearing Date: *May 14, 2025*

LD 1883 – “*An Act to Enact the All Maine Health Act*”

Senator Bailey, Representative Mathieson, and members of the Health Coverage, Insurance and Financial Services Committee – good afternoon, 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 1883, “*An Act to Enact the All Maine Health Act.*”

This testimony is limited to the bill as it affects taxation and Maine Revenue Services. The bill establishes the All Maine Health Board and directs the Board to develop an equitable and affordable premium structure based on income, including unearned income, and a business health tax based on payroll and, in consultation with the State Tax Assessor, develop an efficient means of collecting the premiums and the business health tax.

This proposal appears to go outside the normal legislative process for enacting tax law, though the intent of the bill is unclear regarding the role of the Health Board, the State Tax Assessor, and the Legislature in the development of the new taxes. Although the bill directs the Health Board to submit to the Governor and the Legislature a report on the premium structure and business health tax developed by the Board “prior to implementation” of those impositions, it is unclear whether the bill envisions the new taxes becoming effective without further Legislation, or whether the bill intends to direct the Board, and possibly the State

Tax Assessor, to develop proposed legislation for consideration of a future Legislature.

The new taxes becoming effective without further Legislation would raise significant concerns under the Maine Constitution's prohibition against the Legislature surrendering the power of taxation. Generally, the imposition of a new tax is enacted as part of the Maine Revised Statutes, Title 36, and the enacting legislation referred to the Joint Standing Committee on Taxation.

During this Legislative Session, multiple bills have been presented in various committees that have directed Maine Revenue Services to perform studies, prepare reports, and develop proposals for tax incentives and related legislation. Many of these proposals overlap existing tax programs. Furthermore, MRS and the Office of Tax Policy do not have the capacity to complete all these proposals – capacity that will likely be further limited by federal tax legislation, an expected comprehensive property tax study, and other studies being contemplated by the Taxation Committee.

The Taxation Committee, as the Committee usually responsible for receiving and acting on these report-backs, should be the Committee to prioritize and direct new MRS studies and report-back requirements. This is best accomplished by referring any such bills to the Taxation Committee. In addition, as the Committee of jurisdiction over taxation, Taxation Committee is best able to see how these reports fit into the existing tax structure and other legislation being acted upon this Session.

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.