



Administrative Office of the Courts

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Judicial Branch testimony In Favor of LD 883, An Act to Provide a Tax Credit for New Attorneys Practicing in Underserved Areas:

Senator Grohoski, Representative Sayer, and members of the Joint Standing Committee on Taxation, my name is Barbara Cardone and I represent the Judicial Branch. I would like to provide testimony in favor of LD 883 as modified by Senator Stewart's amendment.

As we discussed in the last session, the need for attorneys in our state's rural areas is critical. There is no one solution to encouraging attorneys to practice in underserved areas, but several different programs may motivate new attorneys to set up a rural practice. A tax credit is one such program.

In 2021, the Legislature passed LD 978, An Act to Create an Access to Justice Income Tax Credit, now codified in 36 MRS § 5219-ZZ. This law authorized the Supreme Judicial Court (SJC) to initiate a program whereby up to 5 eligible attorneys are allowed a tax credit of up to \$6,000 per year. An "eligible attorney" is defined as one who (1) agrees to practice law in an underserved area for at least five years, (2) is rostered by the Maine Commission on Public Defense Services (MCPDS), (3) agrees to perform pro bono legal services in an underserved area, and (4) is certified by the court to be eligible. The law was conceived as a pilot program.

After this law passed, the SJC designated the Maine Justice Foundation to administer the program and certify and decertify the attorneys. There was an interpretation from Maine Revenue Services that § 5219-ZZ means that up to five new attorneys may be certified each year beginning in 2022 through 2027 in addition to those previously certified and who continue to remain eligible.

In the years 2022-2025, 19 attorneys have been certified to receive the tax credit in at least one year. These attorneys practice in the counties of Aroostook, Cumberland, Somerset, Androscoggin, York, Knox, Penobscot and Kennebec. This program is scheduled to sunset in 2027. The bill before you will create an ongoing program that replaces the pilot program and slightly expands the tax credit.

Michelle Draeger, the Executive Director of the Maine Justice Foundation, has submitted testimony to you in support of the amended LD. 883. The testimony contains some amendments to the proposed bill, which the Judicial Branch fully supports.

If this bill embodies otherwise sound tax policy for the state, we urge you to pass the bill and continue a tax credit to support rural legal practice. I would be happy to answer any questions you have about the bill.