

**TESTIMONY OF
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Before the Joint Standing Committee on Taxation
Hearing Date: *March 17th, 2026*

LD 883 – *“An Act to Provide a Tax Credit for New Attorneys Practicing Civil and Criminal Law in Underserved Areas”*

Senator Grohoski, Representative Sayre, and members of the Taxation Committee – good afternoon, my name is Dan Pittman, Associate Tax Policy Counsel in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Neither For Nor Against LD 883, *“An Act to Provide a Tax Credit for New Attorneys Practicing Civil and Criminal Law in Underserved Areas.”*

This analysis pertains to the bill’s proposed sponsor amendment, which replaces the bill. The amendment establishes the definition of areas underserved by attorneys. It also establishes a new legal services tax credit. The credit amount would be up to \$18,000 per year per attorney for each attorney who agrees to begin practicing law in underserved areas of the State, defined with reference to an index prepared by the National Center for Access to Justice, for at least 5 years. The legal services credit is nonrefundable and may be claimed by an unlimited number of eligible attorneys, for up to five tax years.

The proposed credit is very similar to, and in some ways duplicative of, the existing access to justice tax credit (36 MRS §5219-ZZ). That credit is limited to a maximum of five attorneys per year, with attorneys certified by the Supreme Judicial Court, and a maximum benefit per attorney of \$6,000 per year. Under current law, it is scheduled to phase out after 2027. However, during 2027, the

Supreme Judicial Court or the Court's designee is tasked with delivering a report on the use of the program, which will be reviewed by the Taxation Committee, which in turn may present recommendations to the 133rd Legislature.

Given the overlap between the proposed and existing credits, it may be more efficient to expand or modify the existing credit rather than enact and attempt to publicize a new, similar, but broader credit. The Committee unanimously followed this approach during its consideration of LD 1652, which was initially structured as a new credit for providers of dental care for MaineCare recipients but was ultimately amended to expand and reestablish an existing credit.

Alternatively, if it is not clear whether the existing access to justice credit has been effective or efficient, reviewing the results of the scheduled study before enacting further legislative changes would provide a convenient opportunity to examine the positive and negative aspects of the existing statute and to tailor improvements accordingly.

Should the Committee choose to move forward with the amendment under its current approach, there are several significant and minor technical concerns pertaining to the amendment as drafted. See the Appendix for more details.

The amendment's estimated fiscal impact is not available at this time. The amendment's administrative costs are under review.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee's questions.

Appendix:

- It is not clear whether an eligible attorney may qualify for both this proposed credit and the existing credit under Title 36 Section 5219-ZZ.
- The proposed credit may be first claimed in tax years beginning on or after January 1, 2026 (36 MRS §5219-CCC(2)). However, an eligible attorney does not need to meet the eligibility requirements until after January 1, 2027 (36 MRS §5219-CCC(1)(B)).
- The amendment excludes otherwise qualified new attorneys who begin practicing law in the State on January 1, 2027.
- The amendment does not eliminate eligibility for the proposed credit in the case that the attorney ceases to meet the required qualifications.
- Unlike the existing access to justice credit and other similar credits for certain professions (dentists, doctors), the proposed credit does not include certification requirements for eligible attorneys, nor does it include a cap on the number of eligible attorneys.
- As drafted, the credit would be available for a new attorney who begins practicing law in an underserved Maine community, or an experienced out-of-state attorney who moves into an underserved area and begins practicing law there, but not an experienced Maine attorney who moves to an underserved community. It is unclear if this is intended.
- Additional clarification is needed on the logistics pertaining to when and how an attorney “agrees to practice law full time in for at least five years in an underserved area.”