

**TESTIMONY OF  
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY  
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Labor  
Hearing Date: *March 25, 2025*

*LD 206 – “An Act to Protect Maine Businesses by Eliminating the Automatic Cost-of-living Adjustment to the Minimum Hourly Wage”*

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Senator Tipping, Representative Roeder, and members of the Labor 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 Neither For Nor Against LD 206, *“An Act to Protect Maine Businesses by Eliminating the Automatic Cost-of-living Adjustment to the Minimum Hourly Wage.”*

This testimony is limited to the bill as it affects taxation and Maine Revenue Services. The bill, as a result of repealing the annual cost-of-living adjustment on the Maine minimum hourly wage, affects tax provisions that reference the minimum wage.

In order to qualify for the Maine student loan repayment tax credit, individuals must have earned income of at least the state minimum wage, as adjusted for the required cost-of-living increase, multiplied by 936 hours. Repeal of the Maine minimum wage annual inflation adjustment will generally make it easier for certain individuals to qualify for the Maine Student Loan Repayment Tax Credit.

In addition, the municipal volunteer program under 36 M.R.S. § 6232 provides an income subtraction modification for certain Maine residents equal to earned income, up to \$1,000, or 100 times the State minimum hourly wage amount under 26 M.R.S., section 664, subsection 1, whichever is greater.

The preliminary fiscal impact estimate 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.