

MAINE STATE LEGISLATURE

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131st MAINE LEGISLATURE

FIRST REGULAR SESSION-2023

Legislative Document

No. 1462

S.P. 580

In Senate, March 30, 2023

**An Act to Provide Financial Incentives for Attorneys to Provide
Indigent Legal Services**

Reference to the Committee on Judiciary suggested and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator POULIOT of Kennebec.
Cosponsored by Representative HENDERSON of Rumford and
Senators: BLACK of Franklin, KEIM of Oxford, MOORE of Washington, STEWART of
Aroostook.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 10 MRSA c. 110, sub-c. 15** is enacted to read:

3 **SUBCHAPTER 15**

4 **INDIGENT LEGAL SERVICES LOAN PROGRAM**

5 **§1100-HH. Program**

6 The Indigent Legal Services Loan Program, referred to in this subchapter as "the
7 program," is established to encourage the provision of indigent legal services in this State.

8 **1. Definitions.** As used in this subchapter, unless the context otherwise indicates, the
9 following terms have the following meanings.

10 A. "Eligible person" means a person enrolled at a Maine law school who, in accordance
11 with rules adopted by the authority, commits to providing indigent legal services in this
12 State on a full-time basis for 5 years after becoming licensed to practice law.

13 B. "Indigent legal services" has the same meaning as in Title 4, section 1802,
14 subsection 4.

15 C. "Loan period" means the period beginning when a program participant first obtains
16 a program loan and ending 5 years after the program participant obtains a license to
17 practice law in this State.

18 D. "Maine law school" means an accredited law school in this State that grants a juris
19 doctorate degree.

20 E. "Program loan" means a no-interest loan provided under the program to an eligible
21 person that covers:

22 (1) The cost of tuition for the person to earn a juris doctorate degree at a Maine law
23 school; and

24 (2) The reasonable costs of the person, within 120 days of graduation, to become
25 licensed to practice law in this State, as determined by the authority by rule.

26 F. "Program participant" means a person who has a program loan.

27 **2. Loan eligibility.** In accordance with rules adopted by the authority, an eligible
28 person may apply to the authority for a program loan. To the extent of available funding,
29 the authority shall provide a program loan under terms consistent with the program to each
30 person the authority finds to meet the requirements of the program and to be reasonably
31 likely to fulfill the terms of the program loan. The program loan may be calculated and
32 disbursed in increments over the loan period for purposes of the program.

33 **3. Repayment.** The authority by rule shall establish the terms of a program loan
34 consistent with the purposes of the program. The rules must provide for loan forgiveness
35 on an amortized basis over the loan period for each year during the loan period that the
36 program participant fulfills the participant's commitment to provide, on a full-time basis,
37 indigent legal services in this State. The rules must also provide for repayment of the loan
38 on the same amortized basis if the program participant during the loan period fails to fulfill

1 the participant's commitment to provide, on a full-time basis, indigent legal services in this
2 State.

3 **4. Reporting.** The authority by rule shall establish reporting and verification
4 requirements for program participants regarding all relevant activities, costs and income of
5 program participants to the extent necessary for the authority to administer the program.

6 **5. Tax exemption.** At the end of any tax year in which a program participant is
7 providing, on a full-time basis, indigent legal services in this State in accordance with the
8 terms of a program loan, the authority shall certify to the Department of Administrative
9 and Financial Services, Bureau of Revenue Services that the applicant is a program
10 participant eligible for the personal tax exemption provided under Title 36, section 5133.

11 **6. Rules.** The authority shall adopt rules to carry out the purposes of this subchapter.
12 Rules adopted pursuant to this subsection are routine technical rules pursuant to Title 5,
13 chapter 375, subchapter 2-A.

14 **Sec. 2. 36 MRSA §5133** is enacted to read:

15 **§5133. Personal tax exemption; providers of indigent legal services**

16 Notwithstanding any provision of this Part to the contrary, in addition to any other
17 deductions or exemptions under this Part, a program participant certified by the Finance
18 Authority of Maine under Title 10, section 1100-HH, subsection 5 is allowed a personal
19 exemption deduction for the taxable year equal to the full amount of income earned by that
20 program participant from providing indigent legal services, as defined in Title 10, section
21 1100-HH, subsection 1, paragraph B.

22 **SUMMARY**

23 This bill establishes a program to provide no-interest loans and a tax exemption to
24 encourage Maine law students to provide indigent legal services after graduation.

25 The loan program provides a no-interest loan to eligible students to cover the costs of
26 law school and of licensing to become an attorney. To be eligible, the student must commit
27 to providing indigent legal services for 5 years following graduation from law school. The
28 program provides loan forgiveness, on an amortized basis over the loan period, for each
29 year during the loan period the program participant fulfills the participant's commitment to
30 provide indigent legal services in this State. If the program participant fails to fulfill the
31 participant's commitment, the loan must be repaid, on the same amortized basis.

32 The bill also provides to a program participant, for the 5 years following graduation, a
33 personal income tax exemption deduction equal to the full amount of income earned by
34 that person from providing indigent legal services in accordance with the program.