



Legislative Summary

The first session of the 125th Legislature witnessed attacks on laws and regulations that promote the policies MECEP has long championed. As an integral leader and member of various coalitions, MECEP worked to defend against these attacks, while also working to advance proactively an agenda that fosters broadly shared prosperity. The following is a partial list of legislation touching upon MECEP's mission and values.

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The Biennial Budget

The Legislature and Governor enacted significant changes to Maine's tax code in the biennial budget.

- Effective January 1, 2013, the current personal income tax rate structure (four brackets) is replaced with two rates: 6.5% and 7.95%.
- Various business tax credits are enhanced or created, such as the Maine New Markets Capital Investment Program and expanded Section 179 expensing.
- The \$1 million estate tax exemption is doubled to \$2 million for estates of decedents starting January 2013.

The biennial budget also included provisions significantly affecting public employees and retirees.

- The normal retirement age for participants who have not vested by July 1, 2011, is now 65.
- Cost-of-living adjustments for retired teachers and state workers are frozen for three years, with a possible "ad hoc" COLA in years two and three. In future years, the budget permanently caps the COLA to a 3 percent maximum, regardless of actual inflation and which only applies to the first \$20,000 of benefits.

Largely in exchange for the tax cuts and pension changes, the Legislature rejected many of the original proposals to weaken health and human services, including the proposed cut to MaineCare for parents with income between 134-200% of FPL and the proposed doubling of the time period DHHS has to determine MaineCare eligibility. The Legislature moderated an original proposal to sanction entire families on TANF and rejected all proposed cuts to General Assistance. There is, however, now a five-year time limit in the TANF program (with some exceptions).

Tax and Budget

Earned Income Tax Credit

- Two bills sought to expand and make refundable Maine's earned income tax credit. Despite strong public support, both bills were defeated. A proposal to include similar provisions in the tax changes in the budget was also defeated.

Maine Residents Property Tax and Rent Refund Program ("Circuit Breaker" Program)

- Two bills sought to strengthen the property tax and rent refund benefit by as much as 20%, with one bill also streamlining the program to increase participation. Despite strong public support, the bills were defeated. No positive changes to the Circuit Breaker Program were enacted, with the budget requiring a 20% cut to the General Refund portion of the program.

Restrictions on Raising Revenue

- Numerous bills to restrict how revenue can be raised were considered by various committees. The most extreme of these measures sought a constitutional amendment, making any revenue increases contingent upon a two-thirds vote of each chamber. These bills were defeated.

Affordable Health Care

The Governor signed into law legislation (LD 1333) that significantly alters health insurance consumer protections. Because of changes to the rate structure, rural residents and small businesses will face higher insurance costs. The law also repeals regulations that protected consumers from having to travel more than 60 minutes from their home for hospital services and more than 30 minutes for primary care. Out-of-state insurance plans will be marketable in Maine.

Livable Wages and Family Support

Child Labor

- Two bills proposed to gut long-standing, reasonable protections on how many hours minors could work in a school week. The more draconian of the two proposals was defeated; the other one was significantly moderated before being signed into law by the Governor so that the rollbacks are nowhere near as drastic as originally proposed. Some minors can now work as many as 24 hours in a week when school is in session (as opposed to 20), with the limit per day now 6 hours (as opposed to 4).

Work Share

- The Governor signed into law a bill that creates an unemployment insurance work-share program.

Right to Work

- The LCRED Committee carried over until next session two “right-to-work” proposals. The second session could see action on these two bills, along with LD1 type proposals to rollback other worker protections.

Minimum Wage

- Two minimum wage bills were introduced, one of which indexed the rate to inflation and the other of which raised the current hourly rate of \$7.50 to \$7.75 and ultimately to \$8.00. Both bills were defeated.

Sustainable Development

Bonds

- The Legislature and Governor did not approve any bonds this session. However, bills authorizing bonds have been carried over to the second session. One such bill, introduced by Rep. McCabe, would invest in transportation, broadband, downtown revitalization, and the Land for Maine’s Future program.

Reducing Dependence on Oil

- The Governor signed into law a bill requiring development of a plan to reduce the use of oil so that by 2050 oil consumption is 50% below 2007 levels.

LD 1

- The Governor signed into law LD 1. Originally a wide-ranging draconian proposal to undermine environmental protections, the bill ultimately garnered strong support after changes were made to the bill.