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## Capitol Report

### Maine Bankers Association

March 18, 2021

### **News from Washington (Legislative & Regulatory)**

**President Biden Signs the \$1.9 Trillion COVID-19 Relief Bill.** Last week, President Biden signed the \$1.9 trillion COVID-19 relief bill into law, providing another round of Economic Impact Payments (EIP). The IRS has updated its [Get My Payment](#) tool for consumers to check the status of their EIP.

**Consumers Report High Satisfaction with Banks.** According to the American Bankers Association (ABA), "One year into the COVID-19 pandemic, the vast majority of Americans say they are happy with their bank, according to results from a new ABA/Morning Consult poll." Click [here](#) for a complete review of the ABA Survey.



Source: Morning Consult, on behalf of American Bankers Association, conducted an online survey of 2,200 U.S. adults from March 4-8, 2021

### **State News**

**Last Friday, Legislators Passed a Bipartisan Supplemental Budget with Full PPP Tax Conformity.** The budget required a 2/3 vote of the Legislature to pass, and after very long debates, it did pass with a strong bipartisan vote. The budget provided full tax conformity with the federal government for PPP loans and Mainers who received unemployment benefits in 2020.

**MBA Joins the [Maine Coalition to Defeat Income Tax Increase](#).** The Coalition is comprised of representatives from a diverse group of business trade associations that are opposed to the passage of five specific tax bills that include:

- [LD 495](#) *An Act to Improve Income Tax Progressivity by Establishing New Top Individual Income Tax Rates*
- [LD 498](#) *An Act to Reauthorize a 3 Percent Tax on income Over \$200,000 to Lift All Maine Workers out of Poverty*
- [LD 501](#) *An Act to Amend Maine's Corporate Income Tax by Increasing the Top Rate from 8.93% to 12.4%*
- [LD 532](#) *An Act to lower Income Taxes for Middle Income Families in Maine*
- [LD 570](#) *An Act to Provide for Fairness in the Taxation of extraordinary and Unearned Income by Establishing a 3 Percent Surcharge on Net Capital Gains and Dividends Income Over \$250,000 for Taxpayers Filing Single or Married Separate Returns and Over \$500,000 for Taxpayers Filing Joint Returns*

These bills threaten to stifle Maine's fragile economy.

- Increasing Maine's corporate and individual income taxes will impact jobs and investments, and will ultimately shrink, not grow, Maine's economy.
- These bills punish success and those who work hard to achieve it.
- These proposals will hurt small businesses. In Maine, approximately 80% of businesses are established as LLCs, partnerships, or S-Corps. In those instances, the income from the business flows through to the individual taxpayer(s); therefore, he or she is responsible for paying the income tax directly. These taxes will hit small businesses that have already been hit hard by the pandemic.
- The Legislature has consistently lowered the top individual income tax rates since 2011 – Maine cannot afford a step backwards!
- An analysis conducted in 2017 by the Office of Policy and Management concluded that a 3% surtax on incomes over \$200,000 would have a negative impact on Maine's economy, including reductions in employment, population, labor force, income levels, and economic output. The analysis showed that just three years after implementation the increased income tax rates would have resulted in a reduction to private employment of between 1,900 and 6,600 workers, a negative impact to real, disposable income by \$270 million to \$800 million, negative population impact of up to 3,800, and a negative economic impact of up to \$320 million. These are real numbers that will devastate our economy and keep it from getting back on track after the pandemic.
- LD 570 will impact small business owners who try to sell their businesses. In order to avoid paying a whopping 3% surcharge on that gain above certain income thresholds, they can simply change residence before the sale, and Maine could lose the income tax from the sale, as well as any estate tax if those folks had planned to retire in Maine.
- LD 498 represents the public policy that is opposite to the stated goals of the [State's 10-year Strategic Plan](#), that is to grow Maine's economy by increasing jobs, wages, and value of product.

- High-income tax rates impact businesses' ability to recruit professionals to the state. Higher income earners are more mobile and can locate anywhere.

**Bills of Interest Printed Since Last Report.** The bill descriptions include the Maine Office of Policy and Legal Analysis (OPLA) Summary.

#### Data Bills

LD 913 *An Act To Enact the Maine Data Collection Protection Act.* OPLA SUMMARY: This bill creates the Maine Data Collection Protection Act, which prohibits data collectors from collecting and aggregating, selling or using specific types of public documents or information from those documents for the purpose of determining a consumer's eligibility for consumer credit, employment or residential housing.

#### Human Resource Bills

LD 774 *An Act To Promote Minimum Wage Consistency.* OPLA SUMMARY: This bill prohibits a municipality or other political subdivision of the State from enacting an ordinance regulating the minimum wage that an employer must pay an employee.

LD 938 *An Act To Ensure Maine Workers' Right To Request a Schedule Change at Their Places of Employment.* OPLA SUMMARY: This bill creates a right of an employee to request a change of schedule. The employer is not required to grant the request but must describe in writing the reason for denial if the request is denied. The employee's right to request a schedule change does not apply to employers with 10 or fewer employees. A violation is a civil violation for which a fine of not less than \$5,000 may be adjudged.

LD 965 *An Act Concerning Nondisclosure Agreements in Employment.* OPLA SUMMARY: This bill prohibits an employer from requiring an employee, intern or applicant for employment to enter into a contract or agreement that waives or limits any right to report or discuss discrimination, retaliation or harassment occurring in the workplace or at work related events. It also prohibits an employer from requiring an employee, intern or applicant for employment to enter into a settlement, separation or severance agreement that limits an individual's right to report, testify or provide evidence to a federal or state agency that enforces employment or discrimination laws, prevents an individual from testifying or providing evidence in federal and state court proceedings in response to legal proceedings or prohibits an individual from reporting conduct to a law enforcement agency. This bill allows a settlement, separation or severance agreement, under certain circumstances, to include a provision that prevents the subsequent disclosure of factual information relating to a claim of discrimination, retaliation or harassment. It provides the Department of Labor with the duty to enforce these provisions and allows an individual to receive liquidated damages or to be employed or reinstated with back wages when an employer discharges or refuses to hire an individual who declines to enter into a contract or agreement that waives or limits any right to report or discuss discrimination, retaliation or harassment occurring in the workplace or at work-related events.

## Lending Bills

LD 645 *Resolve, To Create an Electronic Titling Work Group*. OPLA SUMMARY: This resolve directs the Department of the Secretary of State, Bureau of Motor Vehicles to convene a work group to study electronic titling and make annual reports to the joint standing committee of the Legislature having jurisdiction over transportation matters through the 132nd Legislature, at the end of which time the work group dissolves. **MBA COMMENT:** Public Hearing scheduled for March 16.

LD 737 *An Act To Increase the Value of Property Exempt from Attachment and Execution*. OPLA SUMMARY: This bill makes changes to the provisions governing property of a debtor exempt from attachment and execution.

1. The bill increases the value of the exemption for a debtor's interest in a residence to the median home price in the State, provides that that amount is \$225,000 as of December 2020 and requires that the amount must be adjusted with the median housing value for the preceding year beginning January 1, 2022. The bill also permits a debtor an allowance of 2% of the value of the residence plus an amount equal to the property taxes payable by the debtor for the preceding year.
2. The bill increases the value of certain property that is exempt from attachment and execution and requires that the maximum value is adjusted to account for inflation beginning January 1, 2022.
3. The bill permits a debtor an allowance of 2% of the manufacturer's suggested retail price for a motor vehicle plus an amount equal to the excise taxes payable by the debtor for the preceding year.

The bill also adds a provision requiring that a court must consider the state minimum wage if it is higher than the federal minimum wage when determining the amount of installment payments that a debtor must make to a creditor following a money judgment.

**Maine COVID-19 Statistics.** Members have requested that we provide the current COVID-19 numbers reported by the State with the publication of each Capitol Report.

### As of March 17, 2021

Total Cases: 47,591

Confirmed Cases: 36,874

Probable Cases: 10,717

Deaths: 725

Hospitalizations: 1,612

Currently Hospitalized: 84

### **Vaccine Stats**

[State of Maine COVID-19 Vaccination Dashboard](#) (updated daily by 10 AM to include the previous day's data)



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A Division of Bankers Alliance

Co-owned by Maine Bankers Association and 28 other state banker associations across the country. Contact C/A's Membership Development Team at (888) 353-3933 or [info@compliancealliance.com](mailto:info@compliancealliance.com) for more information about C/A's products.

## ***Compliance Alliance Feature Article***

### **What Banks Need to Know When Providing Financial Services to Hemp Related Businesses**

By Julia A. Gutierrez, Compliance Officer

*The production of industrial hemp is an especially fast-growing industry especially since the passing of the 2018 Hemp Bill which clarified from a federal perspective that the cultivation of hemp is legal and no longer restricted to pilot programs for research purposes. While the production of hemp is legal, it is critical that banks understand the requirements, restrictions, and expectations when it comes to the production of industrial hemp. Banks choosing to provide financial services to hemp-related businesses should develop and implement a program that will allow for successful and compliant banking relationships.*

Read more [here](#).

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