

OFFICE OF FISCAL AND PROGRAM REVIEW

Date: February 14, 2013
To: Members, Joint Standing Committee on Taxation
From: Elizabeth Cooper, Legislative Analyst

LD 136, An Act To Connect Benefits Provided under the Circuitbreaker Program with the Payment of Property Taxes

Summary: This bill requires Maine Revenue Services (MRS) to include on the circuitbreaker application a method of determining whether the property taxes being claimed on the application have been paid. It requires the State Tax Assessor to issue a circuitbreaker check to the claimant and the municipality (jointly) if those property taxes have not been paid. It requires the municipality to endorse the check and allows withholding the amount of the unpaid property taxes.

Public Hearing:

Proponents

- The sponsor presented the bill and indicated she is open to amending the bill in reference to the memorandum from MRS dated 2/8/13.
- Those testifying in support of the bill include representatives from: the Fairfield Town Council, the Office of Governor LePage, Maine Municipal Association and Maine Municipal Tax Collectors' and Treasurers Association.
- *Major points:* disconnect between benefits issued and paying taxes owed; renters claim the benefit on rent paid, but property owners claim benefit on property tax accrued; this LD would implement Option #2 of MRS Circuitbreaker report dated 1/9/13.

Opposed - none

NFNA

- Maine Equal Justice Partners on behalf of the Maine Association of Interdependent Neighborhoods testified "neither for nor against" the bill.
- *Information provided:* town gets superior lien on property and has automatic foreclosure; specific concerns about language of the bill including the ability to obtain tax information through "other means" and the need for clarity that unpaid taxes must be for the same year for which the applicant is seeking circuitbreaker relief.

Technical Issues: The memorandum from MRS dated 2/8/13 identifies issues that the Committee should consider for an amendment if the Committee chooses to move forward with the bill. These include: confidentiality, UT homestead property, circuitbreaker application period for which new process is applicable, "property taxes accrued" needs to be consistent with definition in Chapter 907, may need language included in §906, possible need to make this emergency legislation and municipal mandate

Fiscal Information: The preliminary fiscal impact statement (on back) indicates that the municipal administrative costs to track and process jointly issued circuitbreaker checks represent a State mandate. It will cost Maine Revenue Services \$90,000 to \$130,000, annually, and includes a Tax Examiner.