

OFFICE OF FISCAL AND PROGRAM REVIEW

Date: January 26, 2012
To: Members, Joint Standing Committee on Taxation
From: Elizabeth Cooper, Legislative Analyst

L.D. 1680, An Act To Amend the Circuitbreaker Program To Include Claimants Occupying Property Pursuant to a Trust and To Require Proof of Payment of Rent

Summary: This bill has two parts. The first addresses allows an applicant whose homestead is any type of trust to apply for the Circuitbreaker benefit as long as they occupy the dwelling even though they may have no obligation to pay the property taxes as another party (such as their children) may contractually have that obligation. The second part requires the renter to provide with the Circuitbreaker Program application either a notarized statement signed by the claimant or a letter signed by the claimant's landlord stating that (for that application period) the rent for the year has been paid in full.

Public HearingProponents

- The sponsor testified that the bill is needed to make sure the Circuitbreaker Program applications are based on rent actually paid--not the amount charged. The sponsor indicated she would support another mechanism other than a notarized statement to verify rent paid.
- The Maine Apartment Owners Association and a landlord from Sangerville testified in favor of the bill providing information on inability to collect rent, difficulties collecting through small claims court and not being able to attach the benefits claimed by tenants under the Circuitbreaker program. Information was also provided about the eviction process.

Opposed

- Those testifying in opposition to the bill include Representative Chipman, the Catholic Diocese, Pine Tree Legal Assistance, Maine Association of Interdependent Neighborhoods, Maine Women's Lobby, Maine People's Alliance, Preble Street Maine Hunger Initiative, and Maine Center for Economic Policy.
- Issues raised included: current law already calculates circuitbreaker payments based on rent paid and includes a signed statement declaring accuracy under penalties of perjury, copy of application was provided; concerns raised related to burdens on tenants and landlords needing to provide proof of rent.

NFNA – Maine Real Estate Managers Association testified “neither for nor against” noting that most members didn't provide rental receipts.

Issues and Discussion: There was discussion regarding alternate methods for verification of rent payments such as a call to the landlord by Maine Revenue Services. Memo from MRS noted auditing policies and an email confirmed that phone calls to landlords request information on rent paid, not charged. There was little discussion of the “trust” component of the legislation.

Fiscal Information: The preliminary fiscal impact statement from OFPR was not available at the time of this analysis. Estimated revenue impact and administrative cost are included in the Maine Revenue Services memorandum dated 1/12/12.