

STATE OF MAINE
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES
MAINE REVENUE SERVICES
OFFICE OF TAX POLICY

Date: February 8, 2013

To: Joint Standing Committee on Taxation

Subject: LD 0136 – An Act To Connect Benefits Provided under the Circuitbreaker Program with the Payment of Property Taxes

Primary Sponsor: Representative Teresea M. Hayes

Estimated Revenue Impact: Negligible. The proposal may slightly reduce the number of claims submitted.

Estimated Administrative Cost Impact:

FY2013-14: \$127,633 (\$7,500 to capture and process the indicator on Circuitbreaker applications as to whether the property taxes have been paid in full; \$35,000 to capture and process municipal codes from Circuitbreaker applications identifying homestead location and to develop a municipal codes table from which the name of the municipality where the homestead property is located can be identified; \$13,900 to print municipal codes tables in the application booklets; \$3,490 for costs to mail paper checks in place of depositing refunds directly to applicants' accounts; and \$67,743 for a Tax Examiner).

FY2014-15 and ongoing: \$87,919 annually (\$13,900 to print the municipal codes tables in the application booklets; \$3,490 for costs to mail paper checks in place of depositing refunds directly to applicants' accounts; and \$70,529 for a Tax Examiner).

Major Identified Issues:

- Confidentiality. The program as currently operated protects the identity of claimants receiving benefits under the program and the amount of such benefits. Current law does not allow MRS to disclose applicant information. The bill could require municipal officials to protect the confidentiality of applicant information similar to the protections contained in 36 M.R.S.A. § 191(1).
- The bill does not address homestead property located in the Unorganized Territory.
- The bill does not contain an application date. We have assumed that the bill will apply to program years beginning on or after August 1, 2013. If enactment of the proposal occurs later than May 1, 2013, there will not be enough time to implement the changes by August 1, 2013 without delaying the start of the program. Also, to ensure the bill is effective by August 1, the proposal should be enacted as emergency legislation.
- The methodology provided in Section 6211-A(2) should be clarified and perhaps simplified. For example, it might provide that a claimant endorse the check so the taxing jurisdiction could cash it and for the taxing jurisdiction to give the claimant a check for any amount in excess of the amount owed for the year for which the relief was requested.
- The bill applies the term "property taxes accrued" inconsistently with its application elsewhere in Chapter 907.
- § 6211-A(2) should take into consideration the property tax provisions contained in 36 M.R.S.A. § 906 relative to application of unpaid taxes and should perhaps be placed in that section or elsewhere in the related chapter.
- This legislation appears to create a municipal mandate.

Similar Legislative Proposals:

LD 1693 (125th Legislature, 2nd Session)

Report dated January 9, 2013: Circuitbreaker Program Refunds With Respect to Property With Liens

cc (by e-mail): Office of Fiscal & Program Review
Office of DAFS Commissioner
Office of the Attorney General
Office of Policy & Legal Analysis

State Budget Office
Office of the Governor
Revisor's Office
Office of Information Technology