

OFFICE OF FISCAL AND PROGRAM REVIEW

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

L.D. 1693, An Act To Amend the Law Governing Abatements of Property Taxes for Infirmity or Poverty

Summary: This bill provides that benefits issued to a property owner under the Circuitbreaker Program are deemed available to contribute to the public charges for the purposes of calculating eligibility at the municipal level for a property tax abatement for reasons of infirmity or poverty.

Under the Circuitbreaker Program, an owner of property files for a reimbursement benefit based on the property taxes accrued, but not necessarily paid, from the prior calendar year on the owner's homestead. This bill amends the Circuitbreaker Program to specify that the reimbursement benefit is calculated based on the property taxes actually paid by the owner on that owner's homestead and requires the claimant to provide proof of payment. Any property taxes abated by a municipality for infirmity or poverty may not be claimed under the Circuitbreaker Program.

Public HearingProponents

- The sponsor testified that the bill is needed to make the law clear that benefits received under the circuitbreaker program are deemed available for purposes of calculating eligibility at the municipal level for property tax abatement.
- Maine Municipal Association's legislative policy committee voted to support the bill noting that sections 1 and 3 of the bill offer clarification of law and support the goal of ensuring that tax benefit program are used for their legislative intentions. MMA's preference related to section 2 of the bill would be to issue a circuitbreaker check in the name of both the applicant and the town to help those behind in property taxes pay their taxes.

Opposed

- Those testifying in opposition to the bill include Pine Tree Legal Assistance, Maine Association of Interdependent Neighborhoods, Maine Women's Lobby, Maine People's Alliance, Preble Street Maine Hunger Initiative, Maine Center for Economic Policy and an interested citizen.
- Issues raised included: current law already allows for consideration of circuitbreaker payments related to abatements and maintains local control, denying circuitbreaker payments will not provide needed money to pay property taxes, may need to use circuitbreaker check for other basic necessities or emergency expenses; in addition statistics related to economic benefits and assistance to those in poverty were cited.

NFNA - none

Technical Issues

- May be issues in implementation related to internet filings and determination of proof property taxes paid.

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 1/11/12.