

**TESTIMONY OF  
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY  
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Appropriations and Financial Affairs  
Hearing Date: *May 25, 2023, at 2:00pm*

LD 1920 – “*An Act to Authorize a Supplemental Benefit Relief Payment*”

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Senator Rotundo, Representative Sachs, and members of the Appropriations and Financial Affairs Committee – good afternoon, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am providing testimony at the request of the Administration Against LD 1920, “*An Act to Authorize a Supplemental Benefit Relief Payment.*”

The bill proposes to establish the Supplemental Benefit Payment Program (“Supplemental Relief”) to distribute relief payments to help Maine residents combat rising costs due to pandemic-induced inflation and supply chain effects and to offset some of the expenses that have been incurred as a result of high winter energy costs. The one-time Supplemental Relief payment is equal to \$1,300 for eligible Maine residents that did not receive a relief payment under the COVID Pandemic Relief Payment Program (“COVID Relief”) established by Public Law 2021, chapter 635, Part L, section 3 *or* the Winter Energy Relief Payment Program (“Winter Energy Relief”) established by Public Law 2023, chapter 1, Part B, section 3.

The Supplemental Relief program mirrors the previous COVID Relief and the Winter Energy Relief programs, except it is based on tax year 2022 income tax return instead of 2021 returns.

The Maine income tax is scheduled to transition to a new computer system, “STARS,” on October 9th. This transition is one of the most important that Maine Revenue Services will be administering due to the large number of taxpayers filing and paying Maine income taxes and the large amount of revenue at stake.

The period of October through December is a key part of this transition and necessary to ensure the system is ready for the upcoming filing season beginning in January or February. This bill would require MRS to implement a new round of checks, including developing new computer programming based on the STARS system, at the same time the income tax transition is taking place. Administration of these checks is staff intensive and would likely pull staff resources away from the income tax transition during this crucial time period. This subjects the transition to substantial risk of delay, which extends similar risks and administrative burdens onto the upcoming income tax filing season. Thus, we are strongly cautioning the Committee against LD 1920.

The estimated revenue impact of the bill is not currently available.

The estimated administrative costs are being reviewed to determine the one-time computer programming required to verify that taxpayers did not receive a COVID Relief or Winter Energy Relief payment, and printing and mailing costs for Supplemental Relief payments.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee’s questions.