

**TESTIMONY OF
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DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation
Hearing Date: March 5, 2025

LD 294 – “*An Act to Expand Municipal Volunteer Program Eligibility
Requirements in the Municipal Property Tax Assistance Laws*”

Senator Grohoski, Representative Cloutier, and members of the Taxation Committee – good morning, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Neither For Nor Against LD 294, “*An Act to Expand Municipal Volunteer Program Eligibility Requirements in the Municipal Property Tax Assistance Laws.*”

LD 294 amends 36 M.R.S. §6232, which authorizes municipal adoption of specified tax benefit programs. Beginning January 1, 2026, the bill proposes to enact an expanded municipal volunteer program for property tax assistance under 36 M.R.S. §6232, sub-§1-B to include volunteer firefighters, volunteer municipal firefighters, and volunteer municipal emergency medical services persons regardless of the volunteer’s age. Further, an eligible volunteer municipal emergency medical services person may receive up to 20% of the compensation of a full-time emergency medical services person and may receive injury and death benefits. LD 294 provides that to the extent included in federal adjusted gross income the property tax assistance benefits earned are exempt from Maine individual income tax.

Currently, under 36 M.R.S. §6232, sub-§1-A, the municipal volunteer program for property tax assistance permits a municipality to adopt an ordinance allowing

resident homeowners who are at least 60 years of age to earn up to the greater of \$1,000 or 100 times the state minimum hourly wage in benefits (\$1,465 for 2025) by volunteering to provide services to the municipality. To the extent included in federal adjusted gross income, the benefits earned are exempt from Maine individual income tax.

The Administration notes the following technical issues:

- The income subtraction modification under 36 M.R.S. § 5122(2)(EE) should be amended to include a reference to 36 M.R.S. § 6232(1-B).
- The bill should be amended to define the term “full-time” as it relates to emergency medical services persons and to clarify how the compensation of a full-time emergency medical services person is to be determined.
- The bill appears to allow a possible duplication of benefits under 36 M.R.S. §§ 6232, sub-§1-A and 6232, sub-§1-B for volunteers at least 60 years of age.

The preliminary estimated fiscal impact is negligible.

The preliminary estimated administrative costs are nominal and can be absorbed within current budgetary allotments.

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.