

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

Before the Joint Standing Committee on Taxation
Hearing Date: *May 6, 2025*

LD 1857 – “*An Act to Expand Property Tax Relief for Veterans and Their
Survivors and to Modify Certain Corporate Tax Expenditures*”

Senator Grohoski, Representative Cloutier, and members of the Taxation Committee – good afternoon, 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 Against LD 1857, “*An Act to Expand Property Tax Relief for Veterans and Their Survivors and to Modify Certain Corporate Tax Expenditures.*”

Part A of the bill changes the property tax benefits for military veterans beginning with property tax years beginning on or after April 1, 2026. These changes are identical to those in LD 888 and similar to others this Committee has considered both this Session and last Session. The Administration testified in support of LD 888 and this Committee voted Ought To Pass As Amended.

Part B of the bill eliminates tax credits for investment in qualified professional baseball facilities and for major business headquarters expansion, eliminates the discounted rate on cigarette stamps for licensed distributors, eliminates the refund on sales tax on purchases of parts and supplies for windjammers, and reduces the value of the aggregate amount of tax credit certificates that the Finance Authority of Maine may authorize under the Maine Seed Capital Tax Credit Program for investments made in calendar year 2026 from \$15,000,000 to \$10,000,000.

The Administration opposes the changes made by Part B. The elimination of each of these programs raises its own policy and technical issues that should be given due consideration. In addition, adequate time should be given for the public and affected taxpayers to consider and respond to the Legislation. The accelerated timeline for this bill's public hearing is a cause for concern in itself and leaves little room for public participation.

Turning to technical concerns, the bill should be amended to clarify the tax year in which the credits under Title 36 are repealed and the eligibility for credits for projects in progress that have already been certified. At this time, only a preliminary review of the bill has been completed and there may be other technical issues.

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.