

Testimony of Ron Russell, Verona Island

LD 715, An Act to Provide Property Tax Relief by Increasing the Availability of the Property Tax Fairness Credit Based on a Resident's Age and Income

Before the Joint Standing Committee on Taxation

Good afternoon Senator Grohoski, Representative Cloutier, and honorable members of the Committee on Taxation. My name is Ron Russell and I live on Verona Island in Hancock County. I am here today in support of LD715, "An Act to Provide Property Tax Relief by Increasing Availability of the Property Tax Fairness Credit Based on a Resident's Age and Income".

This bill was before this committee last year and was successfully voted out. It received floor votes in both chambers and was overwhelmingly passed in both the House and the Senate. Receiving only one negative vote between the two legislative bodies. At the time it had a three and half million-dollar fiscal note and needed on going funding and as all you know that is hard to come by in a second session.

Why do we need this program as an addition to the successful PTFC which was enhanced for seniors in the 131st Legislature by increasing the available credit and expanding income eligibility. This was good because it offered some relief to more middle-income Maine seniors. Technically it gave Maine seniors with incomes of \$50,000 or less the opportunity to receive as much as \$2,000 towards their property taxes. Yet as a practical matter those seniors living only on low Social Security incomes alone are not living in homes that have tax bills of 2 to 4 thousand dollars that would give them the full credit.

In my experience of knocking on thousands of doors in my 2 campaigns for the Maine House, again and again, I met seniors in very, very modest homes, usually run-down, trying to get by on a \$1,000 a month or less, that's \$12,000 a year making their 4% basis for receiving the credit only \$480. I did not meet any of them that had a \$2,480 or more property tax bill which would have given them the full \$2,000 credit. More likely they had a \$780 tax bill under the current PTFC receiving a \$300 credit. This bill would give them another \$120 which from my experience would be meaningful for them. The maximum extra this bill could award is another \$360 for those at an income of \$36,000.

Yes there is a cliff at the \$36,000 and the bill could certainly be improved by adding a couple of thresholds in between 3 and 4% say maybe up to \$50,000 of income.

There is also the problem that many of these seniors, the bill is trying to help, do not file tax returns and don't even take advantage of the credit that is available to them. It is something I am doing my best locally to change.

I'll leave you with one statistic I found in the latest US Census Bureau's annual American Community Survey. In the survey they have 16 household income levels against 4 age groups. I grouped the 3 lowest income levels against the youngest age level and the oldest age level. The income level was 0 to \$19,999 annual income. The age levels were 25 and under and 65 and older. The younger age group comprised 3.8% of that income group and the seniors comprised 43.6% of that group.