

**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: *March 13, 2025*

L.D. 888, *"An Act to Expand Property Tax Relief for Veterans and Survivors of Veterans;"*

L.D. 892, *"An Act to Expand Property Tax Relief for Veterans and Their Surviving Spouses, Minor Children and Parents;"* and

L.D. 909, *"An Act to Expand Property Tax Relief for Veterans and Their Survivors."*

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 providing consolidated testimony at the request of the Administration in Support of L.D. 888, *"An Act to Expand Property Tax Relief for Veterans and Survivors of Veterans;"* L.D. 892, *"An Act to Expand Property Tax Relief for Veterans and Their Surviving Spouses, Minor Children and Parents;"* and L.D. 909, *"An Act to Expand Property Tax Relief for Veterans and Their Survivors."*

As background, these three bills contain identical language based on language that was developed for LD 1737, a bill which died at the end of last session after passing both the House and Senate. The property tax exemption for veterans in current law is a source of constant confusion for municipal officials, veterans, and the public due to the overly complex requirements to establish eligibility. Along with expanding eligibility to a broader group of veterans, the

changes in this bill would simplify the exemption and thereby increase taxpayer understanding and simplify administration of the exemption.

Moving to more technical matters, this proposal would trigger the 50% State reimbursement requirement under the Maine Constitution, article IV, part third, section 23, for the loss of revenue as a result of the expansion of the exemption. The bill would also trigger the 90% State mandate reimbursement requirement under the Maine Constitution, article IX, section 21, for costs to the municipalities to administer the new exemption since it would require some veterans to apply or reapply for this amended benefit.

MRS estimates that the bill carries an approximate cost of \$5 million annually.

In closing, the Administration supports this bill because it simplifies a residential property tax exemption program that is unnecessarily complicated. 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.