

Testimony Concerning LD 1506, An Act to Amend the Personal Property Tax Exemption for Individually Owned Personal Property

Thursday, May 1, 2025

Dear Members of the Committee on Taxation: Thank you for this opportunity to speak to the Committee.

My name is Tom Wood, I reside in Litchfield Maine, I am currently the Chair of the Litchfield Budget Committee, and I am here to testify in favor of *LD 1506, An Act to Amend the Personal Property Tax Exemption for Individually Owned Personal Property*.

I urge you to consider the following points:

1. Personal Property Tax according to *MRSA Title 36: Taxation, Part 2, Chapter 105, subsection 601* as interpreted by State Revenue Services, is universal and addresses all Personal Property, not just that of businesses and corporations. The Personal Property of All persons.
2. In practice, businesses and corporations already account for business personal property and the associated GAAP practices associated with depreciation and reporting. Regular people do not. The recordkeeping and associated calculations dealing with depreciation are a foreign and cumbersome task.
 - a. In many cases businesses and corporations are eligible for rebates or refunds for personal property taxes paid.
 - b. Private individuals are not.
3. A survey that I conducted recently of towns in my region indicates that most municipalities interpret the statute as only to apply to businesses and corporations and completely ignore the current letter of the law when it comes to individuals. They do not levy upon or pursue the payment of Personal Property Tax for individuals.
4. The law dictates that the Bureau of Revenue Services will provide such forms as are necessary to implement Personal Property Tax but currently according to the State website and telephone inquiries, "all the forms are left up to the municipality."
 - a. *MRSA Title 36: Taxation, Part 2, Chapter 101, subchapter 1, subsection 205* – "The State Tax Assessor shall prescribe the form of blanks, reports, abstracts, and other records relating to the assessment of property taxation. Assessors and other officers shall use and follow the forms so prescribed, and the State Tax Assessor shall have the power to enforce their use."

5. Given points 3 and 4 above, it is clear that the law is not being equitably applied across the municipalities.
6. The threshold of the current \$1,000 limit fails to account for the current inflation driven costs of many of the items necessary to operate a normal household. The law lists certain selected household items but does not include many things that are now normal to most households (as opposed to "trades") such as lawn care equipment, do-it-yourself tools, portable generators, or firearms.
 - a. [see subsection 655]
7. Given the costs to individuals, to the municipalities, and to the State to record, track, process, and archive the data necessary to equitably apply the Personal Property Tax, the tax revenue captured is below the actual total cost to administer the program.
8. Given the financial realities of the systems involved in the application and execution of the Personal Property Tax, a more reasonable exemption floor would be \$10,000 to \$15,000. At that level, the revenues generated would justify the administrative costs.
9. Consideration should be given in the near future to change the Personal Property Tax to apply only to businesses and corporations. Both of which currently benefit from state rebate and refund programs.

Concerning **LD 1506, An Act to Amend the Personal Property Tax Exemption for Individually Owned Personal Property** currently before you, I recommend that this first step in addressing the issue of Personal Property Tax **ought to be passed.**

Thank you again for this opportunity to address the Committee and for your attention to LD 1506.

Sincerely,

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