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TESTIMONY IN OPPOSITION TO LD 2178

Senator Grohosky, Representative Sayre, Distinguished members of the Taxation Committee,

My name is Jon Block. I live in Portland and I am a tax lawyer specializing in state and local tax. Much of my practice is in Maine but I also practice in New Hampshire and Massachusetts and have significant experience with all 3 states. My Maine practice finds me representing numerous clients in tax appeals before Maine Courts, the Maine Board of Tax Appeals and the Maine Board of Property Tax Review. I am speaking today on my own behalf.

Maine's tax appeal system is definitely in need of a re-think, particularly on the property tax side. The current property tax appeal system is a Byzantine construct, that requires taxpayers to navigate 4 to 5 different levels of appeal, with appeal forums and deadlines that are often difficult to ascertain. By contrast, New Hampshire and Massachusetts have simple 3-level systems with one Board that can hear any and all appeals, single state-wide deadlines (as opposed to Maine's town by town deadlines) and much simpler processes. It is definitely time to re-think Maine's archaic property tax appeal process. I am glad Maine's Office of Tax Policy is thinking about this, but I just don't think this bill offers the right solutions.

That said, I have no problem with Parts A and B of this bill, which deal with the Board of Tax Appeals and a new Independent Appeals Office to replace it. (That Board hears only non-property tax cases, and is optional.) I also have no real problem with Part C of this bill which decreases the jurisdictional limit in towns that do not have their own local board of assessment review for nonresidential taxpayers to appeal to the State Board of Property Tax Review.

I do have a problem with Parts D and E of the bill. Part D would raise the jurisdictional limit from \$1 million to \$2 million for nonresidential taxpayers to appeal to the State Board. I like that it would also allow those taxpayers to skip the local boards of assessment review which do not serve a useful purpose in commercial/industrial cases. That is frankly a good idea. My problem is that we would now be setting up a system with different jurisdictional limits depending on

which town the nonresidential taxpayer happens to have their property located in. For towns without a local board, the jurisdictional limit for the State Board appeal would be \$500,000, but for towns that have their own local Board of Assessment Review, the jurisdictional limit would be \$2 million. Those disparities don't seem fair – the jurisdictional limits and appeal path should be the same no matter which town the property is located in. I would prefer to see the local board eliminated for commercial/industrial property and allow those taxpayers to appeal de novo an abatement denial directly to the State Board in all cases, regardless of which town the property is located in.

I also think this bill doesn't go nearly far enough. Maine does not need 4 or 5 layers of appeal. Maine should look at the much simpler models in New Hampshire and Massachusetts that are professional, more streamlined and deliver better quality appellate decisions. Maine taxpayers deserve a professional and low-barrier process for resolving tax disputes.

Part E of the bill would create a study to look into these issues, which I think is okay, but it only includes the Office of Tax Policy, which would be asked to consult with other stakeholders. I think outside voices with experience in this area need to be included as active participants in this study, and not just "consulted." In my opinion, representatives of the property tax bar with experience practicing in Maine and other states, representatives of the Maine Association of Assessing Officers, representatives of the business community and other taxpayers should be named as actual participants in the study, not just people to be consulted.

Thank you, and I would be happy to answer any questions.