

OFFICE OF FISCAL AND PROGRAM REVIEW

Date: March 6, 2012
To: Members, Joint Standing Committee on Taxation
From: Elizabeth Cooper, Legislative Analyst

LD 1826, An Act To Review and Repeal Income Tax Return Checkoffs

Summary: This bill eliminates the voluntary contributions checkoffs from the Maine income tax return due in 2014 and requires the Bureau of Revenue Services to notify the checkoff beneficiaries of the elimination. It requires the Bureau to consult with these entities to identify statutory changes necessary as a result of this bill and, no later than December 15, 2012, to submit a bill to the First Regular Session of the 126th Legislature with those changes.

Public Hearing:Proponents

- The sponsor presented this bill on behalf of the Committee and explained that the Committee had to turn down proposals for additional checkoffs as there is no more room on the form. This prompted discussions related to fairness of the process for selecting organizations and administrative costs. He explained that the majority of Committee members voted to submit the bill as they question whether administration of the checkoffs is a good use of government resources.
- The sponsor indicated there may be a role for the checkoffs related funding programs established or administered by the State.

Opposed – several legislators and representatives from organizations including: the Humane Society, Help Fix ME, the Maine Children’s Trust, Child Abuse and Neglect Prevention Councils, the American Lung Association, Maine Veterinary Medical Association, the Green Independent Party, Maine Children’s Alliance and others.

- Testimony stressed the importance of the checkoffs, provided specific information about the need for and use of contributions to several of the funds, indicated that in some cases organizations covered the administrative cost and noted that services provided may save taxpayer dollars.
- There were a number of suggestions for methods of evaluating and maintaining the checkoffs and significant support for moving the checkoff closer to the front of income tax form or making it easier to find.
- A significant amount of written testimony was submitted via email in opposition and forwarded to the Committee.

NFNA – none

Additional information: Requests for information on current donations to the existing organizations and information on other states checks, number of check offs, types, thresholds

Drafting/technical issues: See MRS memo on need for application and suggestion JSC on Taxation submit legislation.

Fiscal Information - The preliminary fiscal impact statement from OFPR was not available at the time this memorandum was prepared.