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**Testimony to the
Maine State Legislature
Joint Hearing of the
Committee on Appropriations and Financial Affairs and the
Committee on Taxation**

**Biennial Budget (L.D. 390, H.P. 281)
March 7, 2017, 3:00 p.m. Public Hearing
In Opposition to Part "J," Eliminating the Maine Board of Tax Appeals**

Chair Hamper, Chair Gattine, Chair Dow, Chair Tipping, and Members of the Appropriations and Taxation Committees,

Thank you for the opportunity to testify today on behalf of the Council On State Taxation (COST) regarding the importance of maintaining an independent tax appeals forum in Maine. My name is Ferdinand Hogroian, and I am COST's Senior Tax and Legislative Counsel. COST is a nonprofit trade association consisting of approximately 600 multistate corporations engaged in interstate and international business, including substantial business activities in Maine.

On behalf of COST and its member companies, I urge you to strike proposed Part "J" of the Biennial Budget, which would eliminate the Maine Board of Tax Appeals. The Board is a critical feature of fair tax appeals in the State of Maine, and COST is aware of no concerns or controversy regarding its operation. However, if there are any concerns, COST stands ready to provide our expertise in this area in resolving any issues with the Board's operation, should the Legislature identify any.

For over 15 years, COST has evaluated state tax appeals systems for their fairness to taxpayers. A central feature of fair tax appeals is providing taxpayers with an independent tax appeal forum dedicated to handling tax disputes, where the forum's judges possess requisite tax expertise. The Board of Tax Appeals provides such a forum. The Maine Board of Tax Appeals is an independent board within the Department of Administrative and Financial Services, entirely separate from the Bureau of Revenue Services.

As provided in the governing statute,¹ "The purpose of the board is to provide taxpayers with a fair system of resolving controversies with the bureau and to ensure due process." Board members "must be selected on the basis of their knowledge of and experience in taxation." Further, appeals officers must have "substantial knowledge of tax law" and "exercise independent judgment." *Ex parte* communications are prohibited.

¹ 36 Me. Rev. Stat. Ann. Sec. 151-D.

These and other features of the Board make it a critical feature of fair tax appeals in Maine. Indeed, with an independent tax appeals forum, Maine received a “top-ranked states” designation in the most recent COST Scorecard on Tax Appeals & Procedural Requirements.² COST sees no reason to propose the Board’s elimination. Quite the contrary, the Board of Tax Appeals, established in 2011, is part of a nationwide reform trend, with well over half the states now providing an independent tax appeals system.

I welcome any questions from the Committees. Thank you.

² COST’s Scorecard (December 2016) is available on the COST website at:
<http://cost.org/WorkArea/DownloadAsset.aspx?id=94726>.