

MAINE STATE LEGISLATURE

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SERVING THE PUBLIC AND DELIVERING ESSENTIAL SERVICES TO STATE GOVERNMENT

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Maine Taxpayer Advocate Annual Report Fiscal Year 2025

Introduction

The Taxpayer Advocate (Advocate) who held the Advocate position for over 20 years retired in June 2021. The Director of the Compliance Division at Maine Revenue Services (MRS) fulfilled the duties in an acting capacity from July 2021 through mid-December 2021, and the Deputy Director of the MRS Compliance Division fulfilled the duties from mid-December 2021 through June 2025. This is a temporary solution as this was in addition to the regular responsibilities of these MRS employees, thus lacking the independence desired of an Advocate. However, as a reminder, this past session the Legislature passed PL 2025, c. 486 (LD 1876), *An Act to Change the Name and Duties of the Taxpayer Advocate to Increase the Use of State Tax Credits*. Once this law takes effect in late September, DAFS will hire to fill the reenvisioned Taxpayer Advocate and Experience Officer position.

Pursuant to 36 M.R.S. § 151-C(3), the Advocate must prepare an annual report of activities by August 1st. Inquiries for assistance come in by email, phone, fax, and mail.

The primary duty and responsibility of the Advocate is to assist taxpayers in resolving state tax issues. Other duties include identifying areas where taxpayers are having difficulties in dealing with MRS and proposing changes in the administrative practices to mitigate any potential areas of confusion. See 36 M.R.S. § 151-C(2).

Fiscal Year 2025 (FY25)

During FY25, 181 inquiries were logged. The inquiries averaged approximately 15 contacts per month either from taxpayers, taxpayer representatives, or other parties. The months with the largest total number of inquiries were February 2025 and April 2025 with 20 and 27 inquiries respectively. The highest month for phone inquiries was April 2025 with 24 calls. The highest month for email inquiries was November 2024 with nine emails. The time required to resolve an inquiry ranged from 30 minutes to two days with some requiring additional research and contacts by the Acting Taxpayer Advocate and MRS staff. The Acting Advocate has responded to all 181 logged inquiries for FY25. However, follow-up questions were still being received after the end of the fiscal year, and some of these follow-ups were from initial inquiries received in prior months.

Inquiries included the following topics: questions about outstanding liens, individual income tax, sales tax, withholding tax, estate tax, cannabis tax, vacation rentals, real estate withholding, and property tax. Also, taxpayers had questions about credit adjustments on their Maine individual income tax

returns. There were several taxpayers who asked about adjustments to the Credit for Taxes Paid to Other Jurisdictions, including those working remotely in Maine. Approximately 12% of total inquiries were related to refunds, some that had been offset to other agencies. There were also questions regarding the Pandemic Relief checks. Further, there were inquiries about the appeals or reconsideration process, the Maine Tax Portal, garnishments, potential fraudulent returns, payment-plan assistance, residency, audits, injured spouse claims, and potential offers in compromise. Finally, there also were several calls and emails requiring assistance with the Internal Revenue Service.

The charts below summarize the count and source inquiries received during FY25:

