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**2024 ANNUAL REPORT
OF THE
MAINE BOARD OF TAX APPEALS (BTA)**

The following is the annual report of the Maine Board of Tax Appeals (the “Board”) for calendar year 2024. 36 M.R.S. § 151-D(10). Questions regarding this report should be directed to the Board’s Appeals Office at 134 State House Station, 19 Elkins Lane, Elkins Building, Augusta, Maine 04333-0134, or directly to the Board’s Chief Appeals Officer, Derek A. Jones, at 207-287-2863 or by email at derek.a.jones@maine.gov

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1. Board History and Structure

The Maine Board of Tax Appeals was established on July 1, 2012, as an independent entity within the Department of Administrative and Financial Services to provide taxpayers with a fair system for resolving disputes with Maine Revenue Services (“MRS”). The Board is committed to ensuring that all parties before it receive a speedy, just, and inexpensive resolution to the appeals filed with it. The Board consists of three Board members that are appointed by the Governor and confirmed by the Legislature. The Board is supported by an Appeals Office presently staffed by the Chief Appeals Officer, an Appeals Officer, and one Administrative Assistant. Prior to creation of the Board, MRS conducted its own reviews of administrative tax controversies.

Where the amount in controversy is greater than or equal to \$1,000 but not greater than \$500,000, taxpayers may appeal disputes involving the following taxes and fees either to the Board or to the Superior Court:

- Individual and corporate income taxes
- Sales, use, and service provider taxes
- The estate tax
- The franchise tax
- The insurance company tax
- Special and other taxes and fees, including the cigarette, tobacco, potato, and mahogany quahog taxes, and the prepaid wireless telecommunications fee under Title 35-A of the Maine Revised Statutes

Where the amount in controversy is greater than \$500,000, taxpayers may appeal only to the Superior Court. Also, although the Board is not related to the State Board of Property Tax Review and does not have jurisdiction over most property tax disputes, it does have jurisdiction over appeals from MRS’s Business Equipment Tax Reimbursement (BETR) and the Business Equipment Tax Exemption (BETE) determinations.

2. Appeals Procedure

The Board's appeal process is set forth in 36 M.R.S. § 151-D and 18-674 C.M.R. ch. 100. Taxpayers having a dispute with MRS must first ask MRS to reconsider its position. Following reconsideration, and if the amount of the dispute is greater than or equal to \$1,000 but not greater than \$500,000, the taxpayer may then appeal to the Board. Once an appeal is filed with the Board, an Appeals Officer examines the issues and facts presented and the applicable law. The Appeals Officer then prepares a recommended decision for the Board to consider when it meets to decide the appeal. The parties may request to appear before the Board at its meeting and may submit additional written statements directly to the Board. After considering the recommended decision and the parties' submissions, the Board members vote to either adopt the recommended decision as drafted, adopt it with modifications, return it to the Appeals Officer for further proceedings, or reject it and issue their own decision. 36 M.R.S. § 151-D(10)(I)(1-4).

3. Appeals Filed with the Board in 2024

There were seven tax disputes filed with the Board between January 1, 2024, and December 31, 2024, with a total monetary value in dispute of \$115,317.01. In five of the cases, individual taxpayers were self-represented. In five of the appeals (71.4%), the taxpayers requested to have informal conferences with the Appeals Officer and MRS.

The dollar amounts of the appeals filed in 2024 were as follows:

Less than \$5,000:	6	(85.7%)
\$5,000 - \$50,000:	0	(0%)
\$50,001 - \$100,000:	0	(0%)
\$100,001 - \$500,000:	1	(14.3%)
<u>More than \$500,000:</u>	0	(0%)
Total	7	

The tax types of the appeals filed in 2024 were as follows:

Individual Income Tax:	5	(71.4%)
Corporate Income Tax:	1	(14.3%)
Sales/Use/Service Provider Tax:	0	(0%)
BETR/BETE:	0	(0%)
Healthcare Provider Tax.....	0	(0%)
Estate Tax:	0	(0%)
<u>Other:</u>	1 ¹	(14.3%)
Total:	7	

4. Cases Closed in 2024

The Board closed ten appeals in 2024 (two filed in 2022, four filed in 2023, and four filed in 2024), in the total dollar amount of \$7,810,913.53. The Board issued written decisions in seven of those cases (70%). A total of three appeals (30%) were withdrawn by the taxpayers. The dollar amount of the cases decided by the Board was \$7,807,118.89.

¹ The taxpayer appealed a collection action undertaken by MRS on behalf of the Department of Labor.

Of the seven written decisions, three cases (42.9%) were decided in favor of the taxpayers and four cases (57.1%) were decided in favor of MRS.

The dollar amounts of the ten appeals closed in 2024 were as follows:

Less than \$5,000:	5	(50%)
\$5,000 - \$50,000:	1	(10%)
\$50,001 - \$100,000:	1	(10%)
\$100,001 - \$500,000:	0	(0%)
<u>More than \$500,000:</u>	<u>3</u>	(30%)
Total	10	

The tax types of appeals closed by the Board in 2024 were as follows:

Individual Income Tax:	6	(60%)
Corporate Income Tax:	4	(40%)
Sales/Use/Service Provider Tax:	0	(0%)
Healthcare Provider Tax	0	(0%)
<u>Estate Tax:</u>	<u>0</u>	(0%)
Total:	10	

For cases closed by written decision of the Board in 2024, the average time between filing of the appeal and issuance of the decision was 328 days, a 134-day reduction from 2023.

5. Appeals Currently Pending Before the Board

There were three appeals pending before the Board at the end of 2024 totaling \$109,538.17. Of these three appeals, all were filed with the Board in 2024. The dollar amounts of the pending appeals are as follows:

Less than \$5,000:	2	(66.7%)
\$5,000 - \$50,000:	0	(0%)
\$50,001 - \$100,000:	0	(0%)
\$100,001 - \$500,000:	1	(33.3%)
<u>More than \$500,000:</u>	<u>0</u>	(0%)
Total	3	

The tax types of the pending cases are as follows:

Individual Income Tax:	2	(66.7%)
<u>Corporate Income Tax:</u>	1	(33.3%)
Total:	3	

The number of cases pending at the end of 2024, three, was less than in 2023, which was six. Furthermore, the average age of the pending appeals was 243 days, 83 days less than in 2023 (326 days). Finally, the inventory age score of the pending cases has decreased significantly since 2021.²



6. Published Decisions

The Board's written decisions address a variety of tax types and important tax issues. The Board publishes its written decisions online in redacted format to protect taxpayer identities

² The average inventory age score is calculated by multiplying the number of cases pending by the average age of said cases pending in months.

and the confidentiality of tax information. Previously, the Board published its decision both on its website and to the Digital Maine Repository. To reduce duplication, the Board now publishes its decisions only to the Digital Maine Repository. The Board website provides a link to the Digital Maine Repository. The Board's decisions can be found at:

https://digitalmaine.com/tax_appeals_decisions/

The Board's website collection of redacted decisions is a Maine tax law resource for taxpayers and tax practitioners beyond the bulletins and publications issued by MRS. In addition to the Board's website, the Board's decisions are available through the Westlaw and Lexis online legal research services, as well as through the Maine Law Library and the Maine State Library (Digital Commons). The University of Maine School of Law has assigned a judicially recognized Uniform Maine Citations format for citing Board decisions.

Because the Board's decisions are appealable to the Superior Court, the Board does not publish them until after the 60-day appeal period has lapsed. To ensure the integrity of its published decisions, the Board postpones publishing any decisions that have been appealed to the Superior Court until the matter has been resolved by the courts.

7. Superior Court Review of Board Decisions

Decisions of the Board are appealable to the Superior Court. In 2024, there were three appeals of Board decisions to the Superior Court, bringing the total number of appeals from Board decisions to thirty-one since the Board's inception in 2012.

8. Direct Appeals of Non-Board Cases to the Superior Court

Pursuant to 36 M.R.S. § 151, tax cases may be appealed directly to the Superior Court from an MRS reconsidered decision without Board involvement.

9. Taxpayer Access to the Board

Taxpayers may appeal to the Board from an assessment, from the denial of a refund request, or from some other dispute with MRS. Taxpayers are notified of their right to appeal by language contained in MRS's Decision on Reconsideration. The Board also maintains a website at www.maine.gov/boardoftaxappeals that contains information about the tax appeal process and links to Maine's tax statutes, the Board's rules of practice and procedure, the Board's redacted decisions, and several relevant websites. The Board also has an email link on its website for public inquiries. That email is <https://www.maine.gov/boardoftaxappeals/contact.html>

10. Staffing

Between its creation in 2012 and 2021, the Board's staff had been steadily reduced. At the end of 2021, the Board staff consisted of the Acting Chief Appeals Officer and the Board Clerk shared with other Boards, including the State Board of Property Tax Review ("SBPTR"). In 2022, the Board Clerk's SBPTR duties were transferred to another position, and the vacant Appeals Officer position filled. No changes in staffing have been made to the Board since 2022.

11. Recommendations

36 MRSA §151-D(10) provides that "Beginning in 2014 and annually thereafter, the board shall prepare and submit a report by January 1st on the activities of the board to the Governor, the assessor and the joint standing committee of the Legislature having jurisdiction over taxation matters."

Since its annual report for the calendar year 2021, the Board's Chief Appeals Officer has included in the annual report a recommendation "that the structure and mandate of the Board be examined by the Legislature." This Board report for calendar year 2024 repeats that recommendation.

Over the past year, the Department of Administrative and Financial Services has been reviewing the administrative tax appeals process of the Maine Board of Tax Appeals, and of the State Board of Property Tax Review, with the purpose of evaluating and making recommendations to improve tax appeals efficiency, ease of taxpayer access, and maintaining appeals review expertise moving into the future. It is the understanding of this Office that the Department will be recommending that the Governor introduce legislation in the 1st Session of the 132nd Legislature that will propose such changes for consideration by the Legislature, with a set of changes that would take effect in 2025 and a broader study and recommended legislation in 2026.

Respectfully submitted,

Date: January 10, 2025

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