

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 226

H. P. 180

House of Representatives, January 30, 1979

Referred to the Committee on Taxation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Sprowl of Hope.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-NINE

AN ACT to Provide for a Property Tax Credit to Veterans in Place of a Property Tax Exemption.

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. 36 MRSA § 653, as last amended by PL 1977, c. 569, §§ 1-3, is repealed.

Sec. 2. 36 MRSA § 653-A is enacted to read:

§ 653-A. Veteran's tax credit

1. Definition of word "veteran." The word "veteran" as used in this section shall mean any person, male or female, who was in active service in the Armed Forces of the United States during any federally recognized war period or the Korean Campaign or the Viet Nam War; and who, if discharged, retired or separated from the armed forces, was discharged, retired or separated under other than dishonorable conditions. A veteran of the Viet Nam War shall have served on active duty for a period of more than 180 days, any part of which occurred after August 4, 1964, and before May 7, 1975, except that if he died in service or was discharged for a service-connected disability after that date. The "Viet Nam War" shall mean that period between August 5, 1964, and May 7, 1975.

2. Veteran. There shall be a credit, as defined in subsection 5, paragraph A, against the property tax levied on any estate of a veteran having a taxable situs in

the place of residence when the veteran has reached the age of 62 years or when the veteran is receiving any form of pension or compensation from the United States Government for total disability, service-connected or nonservice-connected, as a veteran. The credit provided in this subsection shall apply to the property of the veteran including property held in joint tenancy with the veteran's spouse.

3. **Unremarried widow or minor child.** There shall be a credit, as defined in subsection 5, paragraph A, against the property tax levied on any estate having a taxable situs in the place of residence of:

A. The unremarried widow or minor child of any veteran, who would be entitled to such a credit if living, or who is in receipt of a pension or compensation from the Federal Government as the widow or minor child of a veteran; or

B. The mother of a deceased veteran, who is 62 years of age or older and is an unremarried widow, who is in receipt of a pension or compensation from the Federal Government based upon the service-connected death of her son.

4. **Paraplegic veteran.** There shall be a credit, as defined in subsection 5, paragraph B, against the property tax levied on any estate having a taxable situs in the place of residence, for specially adapted housing units of a veteran who is a paraplegic veteran, so called, within the meaning of the United States Code, Title 38, chapter 21, section 801, and who received a grant from the United States Government for the specially adapted housing, or of the unremarried widow of such a veteran. The credit provided in this subsection shall apply to the property of such a veteran including property held in joint tenancy with the veteran's spouse.

5. **Credit amounts.**

A. The credit under subsections 2 and 3 shall be equal to the amount of property tax due, up to the amount of \$200. If the property tax due is greater than \$200, then the credit shall be for \$200.

B. The credit under subsection 4 shall be equal to the amount of property tax due, up to the amount of \$1,000. If the property tax due is greater than \$1,000, then the credit shall be for \$1,000.

6. **Limitation.** No person shall be entitled to property tax credit under more than one subsection of this section.

7. **Eligibility requirement.** To be eligible for the credit under this section:

A. A veteran shall have been a resident of this State at the time of his entry into service or have been a resident of this State for at least 10 years prior to making the claim for the credit; or

B. A survivor of a deceased veteran shall have been a resident of this State for

at least 10 years prior to making the claim for credit or shall show that the deceased veteran, under whom the survivor claims, would have been eligible for credit as required in this section.

No credit shall be granted to any person under this section, unless this person is a resident of this State.

8. Application. Any person who desires to secure a credit under this section shall make written application and file written proof of entitlement on or before the first day of April, in the year in which the credit is first requested, with the assessors of the place in which the person resides. The assessors shall thereafter grant that credit to any person while he is so qualified and continues a resident of that place or until they are notified of reason or desire for discontinuance.

9. Claim against the State. Any municipality granting a credit under this section shall have a valid claim against the State to recover 90% of the taxes lost by reason of such credit as exceeds 3% of the total local tax levy, upon proof of the facts in form satisfactory to the Commissioner of Finance and Administration. These claims shall be presented to the Legislature next convening.

10. Fraudulent conveyance; penalty. No property conveyed to any person for the purpose of obtaining a credit under this section shall be eligible for a credit, excepting property conveyed between husband and wife, and the obtaining of such a credit by means of fraudulent conveyance shall be punished by a fine of not less than \$100 and not more than \$400.

11. Credit to be in addition to any other credit or exemption granted. The credit to which a person may be eligible pursuant to this section shall be in addition to, and not in lieu of, any other credit against property tax levied or any other property tax exemption to which that person may be eligible under any other provision of law.

STATEMENT OF FACT

This bill provides for the replacement of the veteran's property tax exemption by a simple veteran's property tax credit of \$200. The exemption has been a source of great confusion and changes in its definition have caused great hardship to veterans and veteran's widows eligible for the exemption. This bill will establish an easily understood tax credit in an amount which will not interfere with municipal assessing practices.