

# MAINE STATE LEGISLATURE

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L.D. 1629

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DATE: 8-22-03

(Filing No. S-350)

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Reproduced and distributed under the direction of the Secretary  
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**STATE OF MAINE  
SENATE  
121ST LEGISLATURE  
FIRST SPECIAL SESSION**

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SENATE AMENDMENT "G" to COMMITTEE AMENDMENT "C" to H.P.  
1209, L.D. 1629, "RESOLUTION, Proposing a Competing Measure under  
the Constitution of Maine To Create Municipal Service Districts  
To Reduce the Cost of Local Government, To Provide Property Tax  
Relief and To Increase Economic Competitiveness"

22  
Amend the amendment by inserting after Part B the following:

24  
**PART C**

26  
28  
**Sec. C-1. 36 MRSA §683, sub-§1**, as repealed and replaced by PL  
2003, c. 20, Pt. BB, §1 and affected by §3, is repealed and the  
following enacted in its place:

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46  
1. Exemption amount. The estate up to the just value of  
\$7,000 of the homestead of a permanent resident of this State who  
has owned a homestead in this State for the preceding 12 months  
is exempt from taxation except for assessments for special  
benefits. In determining the local assessed value of the  
exemption, the assessor shall multiply the amount of the  
exemption by the ratio of current just value upon which the  
assessment is based as furnished in the assessor's annual return  
pursuant to section 383. If the title to a homestead is held by  
the applicant jointly or in common with others, the exemption may  
not exceed \$7,000 of the just value of the homestead, but may be  
apportioned among the owners who reside on the property to the  
extent of their respective interests. A municipality responsible  
for administering the homestead exemption has no obligation to  
create separate accounts for each partial interest in a homestead  
owned jointly or in common.

48  
**Sec. C-2. 36 MRSA §683, sub-§1-A**, as enacted by PL 2003, c.  
20, Pt. BB, §2 and affected by §3, is repealed.

**SENATE AMENDMENT**

R.d.S.

SENATE AMENDMENT "G" to COMMITTEE AMENDMENT "C" to H.P. 1209,  
L.D. 1629

2       **Sec. C-3. 36 MRSA §6207, sub-§1, ¶A-1**, as amended by PL 1997,  
c. 557, Pt. A, §3 and affected by Pt. G, §1, is further amended  
to read:

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6       A-1. Fifty-percent For application periods beginning before  
August 1, 2004, 50% of that portion of the benefit base that  
8       exceeds 4% but does not exceed 8% of income plus 100% of  
that portion of the benefit base that exceeds 8% of income  
10       to a maximum payment of \$1,000;

12       **Sec. C-4. 36 MRSA §6207, sub-§1, ¶¶B to D** are enacted to read:

14       B. For the application period beginning August 1, 2004,  
52.5% of that portion of the benefit base that exceeds 4%  
16       but does not exceed 8% of income plus 100% of that portion  
of the benefit base that exceeds 8% of income to a maximum  
18       payment of \$1,250;

20       C. For the application period beginning August 1, 2005, 55%  
of that portion of the benefit base that exceeds 4% but does  
22       not exceed 8% of income plus 100% of that portion of the  
benefit base that exceeds 8% of income to a maximum payment  
24       of \$1,750; and

26       D. For the application period beginning on or after August  
1, 2006, 60% of that portion of the benefit base that  
28       exceeds 4% but does not exceed 8% of income plus 100% of  
that portion of the benefit base that exceeds 8% of income  
30       to a maximum payment of \$2,000.

32       **Sec. C-5. 36 MRSA §6207, sub-§2**, as amended by PL 1997, c.  
557, Pt. A, @3 and affected by Pt. G, @1, is repealed.

34       **Sec. C-6. 36 MRSA §6207, sub-§2-A** is enacted to read:

36       2-A. Income eligibility. Households are not eligible for a  
benefit if household income exceeds the following amounts:

38  
40       A. For application periods beginning before August 1, 2004,  
\$29,900 for single-member households and \$46,300 for  
42       households with 2 or more members;

44       B. For the application period beginning on August 1, 2004,  
\$35,000 for single-member households and \$50,000 for  
46       households with 2 or more members; and

48       C. For the application period beginning on August 1, 2005,  
\$40,000 for single-member households and \$60,000 for  
households with 2 or more members; and

2 D. For the application periods beginning on or after August  
3 1, 2006, \$50,000 for single-member households and \$75,000  
4 for households with 2 or more members.

6 **Sec. C-7. 36 MRSA §6209, sub-§1,** as amended by PL 1989, c.  
508, §25, is further amended to read:

8  
10 **1. Household limitation adjustment.** Beginning March 1,  
1989, and annually thereafter, the State Tax Assessor shall  
12 determine the household income eligibility adjustment factor.  
That factor shall must be multiplied by the income limitations in  
14 section 6206, applicable for the year prior to that for which  
relief is requested. The result shall must be rounded to the  
16 nearest \$100 and shall ~~apply~~ applies to the year for which relief  
is requested corresponding to the year on which the annualized  
18 cost of living adjustments were based. Beginning March 1, 1991,  
the same procedure shall must be employed to adjust the income  
limitation in section 6207, subsection 2 2-A.

20 **Sec. C-8. Application.** Those portions of this Part that  
22 repeal and replace the Maine Revised Statutes, Title 36, section  
683, subsection 1 and repeal subsection 1-A apply to property  
24 taxes based on the status of property on or after April 1, 2004.

26 **Sec. C-9. Appropriations and allocations.** The following  
appropriations and allocations are made.

28 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

30 **Homestead Property Tax Exemption Reimbursement 0886**

32 Initiative: Appropriates funds to revert the tiered homestead  
34 property tax exemption back to a \$7,000 exemption regardless of  
property value beginning in fiscal year 2004-05.

General Fund	2003-04	2004-05
All Other	\$0	\$4,947,662
General Fund Total	\$0	\$4,947,662

42 **Maine Residents Property Tax Program 0648**

44 Initiative: Appropriates funds required due to the expansion of  
the Maine Residents Property Tax Program.

General Fund	2003-04	2004-05
All Other	\$0	\$9,950,000

SENATE AMENDMENT "G" to COMMITTEE AMENDMENT "C" to H.P. 1209,  
L.D. 1629

2	General Fund Total	\$0	\$9,950,000
4	<b>Revenue Services - Bureau of 0002</b>		
6	Initiative: Provides funds for one Tax Examiner position effective June 1, 2005 and other related costs associated with an increase in the number of applications for the Maine Residents Property Tax Program.		
8			
10	<b>General Fund</b>	<b>2003-04</b>	<b>2004-05</b>
12	Positions - Legislative Count	(0.000)	(1.000)
14	Personal Services	\$0	\$1,775
16	All Other	0	16,000
	General Fund Total	<u>\$0</u>	<u>\$17,775</u>

18	<b>ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF DEPARTMENT TOTALS</b>		
20		<b>2003-04</b>	<b>2004-05</b>
22	<b>GENERAL FUND</b>	<b>\$0</b>	<b>\$14,915,437</b>
24	<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>\$0</b>	<b>\$14,915,437'</b>

26 Further amend the amendment in the question in the last line (page 8, line 24 in amendment) by inserting before the following: "?" the following: 'and by providing expanded property tax relief'

30 Further amend the amendment by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

34 **SUMMARY**

36 This amendment restores the homestead property tax exemption to \$7,000 for all homesteads. The amendment also expands the Maine Residents Property Tax Program, commonly referred to as the circuit breaker program, by phasing in over a 3-year period increases to the income eligibility limits, the maximum benefit and the percentage of refundable taxes between 4% and 8% of household income. The maximum benefit is increased to \$1,250 in 2004, \$1,750 in 2005 and \$2,000 in 2006 and after. The eligibility limits are increased for single-member households and multiple-member households and are increased respectively to \$35,000 and \$55,000 in 2004, \$40,000 and \$60,000 in 2005 and

**SENATE AMENDMENT**

SENATE AMENDMENT "G" to COMMITTEE AMENDMENT "C" to H.P. 1209,  
L.D. 1629

2 \$50,000 and \$75,000 in 2006 and after. The percentage of  
refundable taxes between 4% and 8% of household income is  
4 increased to 52.5% in 2004, 55% in 2005 and 60% in 2006 and after.

6 **FISCAL NOTE REQUIRED**  
(See attached)

8  
10 SPONSORED BY: 

12 (Senator STANLEY)

14 COUNTY: Penobscot

16

**121st Maine Legislature  
Office of Fiscal and Program Review**



**LD 1629**

**RESOLUTION, Proposing a Competing Measure under the Constitution of Maine To Create Municipal Budget Caps , Reduce the Cost of Local Government through Increased State Education Funding and Provide Property Tax Relief**

**LR 2165(18)**

**Fiscal Note for Senate Amendment 'G' to Committee Amendment 'C'**

**Sponsor: Sen. Stanley**

**Fiscal Note Required: Yes**

**Fiscal Note**

	<b>2003-04</b>	<b>2004-05</b>	<b>Projections 2005-06</b>	<b>Projections 2006-07</b>
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$14,783,184	\$25,336,096	\$35,901,6.
<b>Appropriations/Allocations</b>				
General Fund	\$0	\$14,915,437	\$25,473,639	\$36,044,097
<b>Revenue</b>				
General Fund	\$0	\$132,253	\$137,543	\$143,044
Other Special Revenue Funds	\$0	\$7,107	\$7,545	\$7,846

**Fiscal Detail and Notes**

This amendment increases the General Fund cost of the bill by \$14,783,184 in fiscal year 2004-05.

<b>General Fund Summary</b>	<b>2003-04</b>	<b>2004-05</b>	<b>Projections 2005-06</b>	<b>Projections 2006-07</b>
Undo Tiered Homestead (PL 2003, c. 20)				
- Homestead Reimbursement	\$0	\$4,947,662	\$5,059,689	\$5,185,947
- Individual Income Tax Revenue Impact	\$0	(\$132,253)	(\$137,543)	(\$143,044)
Undo Tiered Homestead Subtotal	\$0	\$4,815,409	\$4,922,146	\$5,042,903
Expand Circuitbreaker	\$0	\$9,967,775	\$20,413,950	\$30,858,150

• Net General Fund Cost (Savings)

\$0 \$14,783,184 \$25,336,096 \$35,901,053