

MAINE STATE LEGISLATURE

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ONE HUNDRED AND SIXTH LEGISLATURE

Legislative Document

No. 1641

H. P. 1265

House of Representatives, March 26, 1973

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

E. LOUISE LINCOLN, Clerk

Presented by Mrs. Goodwin of Bath.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-THREE

AN ACT to Amend the Elderly Householders Tax Relief Act.

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

Sec. 1. R. S., T. 36, § 6101, amended. Section 6101 of Title 36 of the Revised Statutes, as enacted by section 1 of chapter 503 of the public laws of 1971, is amended to read as follows:

§ 6101. Short title

This Part may be cited as the "Elderly Householders Tax Relief and Rent Refund Act."

Sec. 2. R. S., T. 36, § 6103, sub-§§ 1-A, 5-A and 5-B, additional. Section 6103 of Title 36 of the Revised Statutes, as enacted by section 1 of chapter 503 of the public laws of 1971, is amended by adding 3 new subsections, 1-A, 5-A and 5-B, to read as follows:

1-A. Gross rent. "Gross rent" means rental paid at arms-length solely for the right of occupancy of a homestead, exclusive of charges for any utilities, services, furniture, furnishings or personal property appliances furnished by the landlord as part of the rental agreement, whether or not expressly set out in the rental agreement. If the landlord and tenant have not dealt with each other at arms-length, and the State Tax Assessor is satisfied that the gross rent charged was excessive, he may adjust the gross rent to a reasonable amount for purposes of this subchapter.

5-A. Property taxes accrued. "Property taxes accrued" means property taxes exclusive of special assessment, delinquent interest, and charges for service levied on a claimant's homestead in this State as of April 1, 1972 or

any tax year thereafter. If a homestead is owned by 2 or more persons or entities as joint tenants or tenants in common, and one or more persons or entities are not a member of claimant's household, "property taxes accrued" is that part of property taxes levied on the homestead which reflects the ownership percentage of the claimant and his household. If a claimant and spouse own their homestead part of the preceding tax year and rent it or a different homestead for part of the same tax year, "property taxes accrued" means only taxes levied on the homestead when both owned and occupied by the claimant on April 1st, multiplied by the percentage of 12 months that such property was owned and occupied by the household as its homestead during the preceding tax year. When a household owns and occupies 2 or more different homesteads in this State in the same tax year, property taxes accrued shall relate only to that property occupied by the household as a homestead on April 1st. If a homestead is an integral part of a larger unit such as a farm, or a multi-purpose or multi-dwelling building, property taxes accrued shall be that percentage of the total property taxes accrued as the value of the homestead is of the total value. For purposes of this subchapter "unit" refers to the parcel of property separately assessed of which the homestead is a part.

5-B. Rent constituting property taxes accrued. "Rent constituting property taxes accrued" means 25% of the gross rent actually paid in cash or its equivalent in any tax year by a claimant and his household solely for the right of occupancy of their Maine homestead in the tax year, and which rent constitutes the basis, in the succeeding calendar year, of a claim for relief under this subchapter by the claimant.

Sec. 3. R. S., T. 36, § 6108, repealed and replaced. Section 6108 of Title 36 of the Revised Statutes, as enacted by section 1 of chapter 503 of the public laws of 1971, is repealed and the following enacted in place thereof:

§ 6108. Income limitation

No claim otherwise allowable shall be granted to claimants of single member households with household income in excess of \$4,500 in the year for which relief is requested; and no claim otherwise allowable shall be granted to claimants of households of 2 or more members with income in excess of \$5,000 in the year for which relief is requested.

Sec. 4. R. S., T. 36, § 6109, amended. Section 6109 of Title 36 of the Revised Statutes, as enacted by section 1 of chapter 503 of the public laws of 1971, is amended to read as follows:

§ 6109. Net asset limitation

A claimant may not have net assets, excluding the value of the homestead, consisting of real estate, bank accounts, cash and securities in the net value of more than ~~\$30,000~~ \$20,000.

Sec. 5. R. S., T. 36, § 6110, repealed and replaced. Section 6110 of Title 36 of the Revised Statutes, as enacted by section 1 of chapter 503 of the public laws of 1971, is repealed and the following enacted in place thereof:

§ 6110. Benefit limitation

No claim of more than \$400 shall be granted.

Sec. 6. R. S., T. 36, § 6111, repealed and replaced. Section 6111 of Title 36 of the Revised Statutes, as enacted by section 1 of chapter 530 of the public laws of 1971, is repealed and the following enacted in place thereof:

§ 6111. Age limitation

No claim shall be granted which is otherwise allowable under this Part, unless at least one member of the household shall have attained the age of 62 during the year for which relief is requested or at least one member of the household under age 62 shall receive disability payments under the Federal Social Security Act at the time of filing and no less than 35% of the household income is attributable to such members of the household.

Sec. 7. R. S., T. 36, § 6112, repealed and replaced. Section 6112 of Title 36 of the Revised Statutes, as enacted by section 1 of chapter 503 of the public laws of 1971, is repealed and the following enacted in place thereof:

§ 6112. Amount of claim

1. Limit. The claim shall be limited to the amount by which property taxes accrued, or rent constituting property taxes accrued in such tax year on the claimant's homestead, is in excess of 2% of such household income not exceeding \$1,000, 4% of such household income not exceeding \$2,000, 8% of such household income not exceeding \$3,000, 12% of such household income not exceeding \$4,000, and 16% of such household income not exceeding \$5,000.

2. Tables. The State Tax Assessor shall prepare a table under which claims under this subchapter shall be determined. The amount of claim as shown in the table for each bracket shall be computed only to the nearest 10¢.

3. Amount claimed. The claimant, at his election, shall not be required to record on his claim the amount claimed by him. The claim allowable to persons making this election shall be computed by the Bureau of Taxation, which shall notify the claimant by mail of the amount of his allowable claim.

Sec. 8. R. S., T. 36, § 6120, repealed. Section 6120 of Title 36 of the Revised Statutes, as enacted by section 1 of chapter 503 of the public laws of 1971, is repealed.

Sec. 9. Appropriation. There is appropriated from the General Fund to the Bureau of Taxation the sum of \$5,600,128 to carry out the purposes of this Act. The breakdown shall be as follows:

	1973-74	1974-75
BUREAU OF TAXATION		
Tax Relief for the Elderly		
Personal Services	(1) \$ 4,794	(1) \$ 5,034

All Other	2,695,000	2,895,000
Capital Expenditures	300	
	<hr/>	<hr/>
	\$2,700,094	\$2,900,034

STATEMENT OF FACT

The purpose of this legislation is to amend the property tax relief act for the elderly by changing the formula to more accurately reflect the actual burden of taxes or rent. Other changes include liberalizing eligibility requirements by raising the income ceiling, exempting the homestead from the asset limitation, lowering the age limit to 62 for men and including those under age 62 who receive Social Security disability payments.