

MAINE STATE LEGISLATURE

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ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 1462

H. P. 1163 House of Representatives, March 25, 1975
On Motion of Mr. Drigotas of Auburn, referred to Committee on Taxation.
Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Silverman of Calais.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-FIVE

AN ACT to Help Maintain the Purchasing Power of Participants in the Elderly Tax and Rent Refund Program by Tying Refunds to the Consumer Price Index.

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

Sec. 1. 36 MRSA § 6110, as last repealed and replaced by PL 1973, c. 771, § 2, is amended to read:

§ 6110. Benefit limitation

No claim of less than \$5 or more than \$400 shall be granted, except that the maximum benefit limitation shall be increased by a percentage equal to the percentage increase in the cost of living adjustment described in section 6112.

Sec. 2. 36 MRSA § 6112, as last repealed and replaced by PL 1973, c. 771, § 2, is repealed and the following enacted in place thereof:

§ 6112. Amount of claim

The claim shall be the sum of the basic amount and the cost of living adjustment.

1. Basic amount. The basic amount shall be 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 21% of such household income which exceeds \$3,000 but does not exceed \$5,000.

2. Cost of living adjustment. The cost of living adjustment shall be the mathematical product of the basic amount and the cost of living factor. The

cost of living factor shall be a percentage, rounded to the nearest $1/10$ of 1% equal to the percent change in the Consumer Price Index from the year ending December 31, 1973 to the year for which the refund is made. If the cost of living factor calculates to be a negative number, then the cost of living adjustment shall be zero.

The Consumer Price Index shall mean the monthly average Consumer Price Index for a calendar year for Urban Wage Earners and Clerical Workers, as compiled by the Bureau of Labor Statistics, United States Department of Labor; or, if the index is revised or superseded, the Consumer Price Index shall be the index represented by the Bureau of Labor Statistics as reflecting most accurately changes in the purchasing power of the dollar for consumers.

Sec. 3. Appropriation. There is appropriated from the General Fund to the Department of Finance and Administration the sum of \$824,000 to carry out the purposes of this Act. The breakdown shall be as follows:

	1975-76	1976-77
FINANCE AND ADMINISTRATION		
Tax Relief for the Elderly		
All Other	\$412,000	\$412,000

STATEMENT OF FACT

Persons eligible for the Elderly Tax and Rent Relief Program are among those Maine residents hardest hit by inflation. They are people with low income, which tends to be fixed in amount and with consumption need subject to high rates of inflation. The purpose of this bill is to help ease this situation by increasing the amount of the tax or rent refund paid by the amount of increase in the Consumer Price Index.

The measure proposed for adjusting is the monthly average Consumer Price Index for U. S. Urban Wage Earners and Clerical Workers. This index is commonly used for cost of living adjustments by Federal and State Governments and the private sector. The bill provides that the tax or rent refund payable under current legislation shall be increased by a percent equal to the percent increase in the Consumer Price Index from 1973 to the year for which the taxes or rents were paid.