

# MAINE STATE LEGISLATURE

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(New Title)  
New Draft of H. P. 104, L. D. 101

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ONE HUNDRED AND SEVENTH LEGISLATURE

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Legislative Document

No. 1882

H. P. 1585

House of Representatives, May 14, 1975

Reported by Minority from Committee on Taxation. Printed under Joint Rules No. 18.

EDWIN H. PERT, Clerk

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STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-FIVE

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**AN ACT** Amending the Elderly Householders Tax and Rent Refund to Expand Eligibility to Recipients of Supplemental Security Income and Funding the Cost of this Wider Eligibility through an Increase in the State Personal Income Tax Rates.

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

Sec. 1. 36 MRSA § 5111, tax table, as enacted by P&SL, 1969, c. 154, § F, is amended to read:

If the taxable income is:	The tax is:
Not over \$2,000	1% of the taxable income
\$2,000 but not over \$5,000	\$20 plus 2% of excess over \$2,000
\$5,000 but not over \$10,000	\$80 plus 3% of excess over \$5,000
\$10,000 but not over \$25,000	\$230 plus <del>4%</del> 4½% of excess over \$10,000
\$25,000 but not over \$50,000	<del>\$830 plus 5%</del> \$905 plus 6½% of excess over \$25,000
\$50,000 or more	<del>\$2,680 plus 6%</del> \$2,530 plus 9% of excess over \$50,000

Sec. 2. 36 MRSA § 6111-A, as last repealed and replaced by PL 1973, c. 771, § 2, is repealed and the following enacted in place thereof:

§ 6111-A. Participation of social security income recipients

Any claim shall be granted which is otherwise allowable under this chapter to any claimant who receives, or to any claimant a member of whose household receives, benefits paid under aid to the aged, blind or disabled program under Title 22, Part 2 or any program which succeeds or supplants it. Upon the repeal of this section, amounts equal to the increases in the state personal income tax rates depicted below shall be subtracted from the state personal income tax rates effective at the time of repeal:

If the taxable income is	The tax is raised from:
\$10,000 but not over \$25,000	\$230 plus 4% of excess over \$10,000 to \$230 plus 4½% of excess over \$10,000
\$25,000 but not over \$50,000	\$830 plus 5% of excess over \$25,000 to \$905 plus 6½% of excess over \$25,000
\$50,000 or more	\$2,080 plus 6% of excess over \$50,000 to \$2,530 plus 9% of excess over \$50,000

**Sec. 3. Appropriation.** There is appropriated from the General Fund to the Department of Finance and Administration the sum of \$3,804,815 to carry out the purposes of this Act. The breakdown shall be as follows:

	1975-76	1976-77
FINANCE AND ADMINISTRATION,		
DEPARTMENT OF		
Tax Relief for the Elderly		
Personal Services	\$ 8,840	\$ 9,450
All Other	1,892,800	1,893,400
Capital Expenditures	325	—
	<hr/>	<hr/>
	\$1,901,965	\$1,902,850

**Referendum; effective date.** This Act shall take effect 90 days after the adjournment of the Legislature only for the purpose of presenting it to the legal voters of the State of Maine at a special state-wide election to be held on the Tuesday following the first Monday of November following the passage of this Act.

The aldermen of the cities, the selectmen of the towns and the assessors of the several plantations of this State are empowered and directed to notify the inhabitants of their respective cities, towns and plantations to meet in the manner prescribed by law for calling and holding biennial meetings of said inhabitants for the election of Senators and Representatives, at a special state-wide election on the Tuesday following the first Monday of November following the passage of this Act, to give in their votes upon the acceptance or rejection of the foregoing Act, and the question shall be:

“Shall ‘An Act Amending the Elderly Household Tax and Rent Refund to Expand Eligibility to Recipients of Supplemental Security Income and Funding the Cost of this Wider Eligibility through an Increase in the State Personal Income Tax Rates,’ passed by the 107th Legislature, be accepted?”

The inhabitants of said cities, towns and plantations shall indicate by a cross or check mark placed within a square upon their ballots their opinion of the same, those in favor of acceptance voting "Yes" and those opposed to acceptance voting "No" and the ballots shall be received, sorted, counted and declared in open ward, town and plantation meetings, and returns made to the office of the Secretary of State in the same manner as votes for Governor and Members of the Legislature, and the Governor and Council shall review the same and if it shall appear that a majority of the inhabitants voting on the question are in favor of said Act, the Governor shall forthwith make known the fact by his proclamation, and the Act shall thereupon become effective in 30 days after the date of the said proclamation.

**Secretary of State shall prepare ballots.** The Secretary of State shall prepare and furnish to the several cities, towns and plantations ballots and blank returns in conformity with the foregoing Act, accompanied by a copy thereof.

FISCAL NOTE

Under this proposed tax schedule, \$2,025,000 would be generated the first year and \$2,350,000 the second year. The percentage increase in an individual's yearly tax bill would be as follows:

Married Joint		Married Separate and Single	
Taxable income		Taxable income	
to \$20,000	no change	to \$10,000	no change
\$30,000	+ 5.81%	\$15,000	+ 5.81%
\$40,000	+ 7.94%	\$20,000	+ 7.94%
\$50,000	+ 9.04%	\$25,000	+ 9.04%
\$60,000	+13.89%	\$30,000	+13.89%
\$70,000	+16.92%	\$35,000	+16.92%
\$80,000	+18.99%	\$40,000	+18.99%
\$90,000	+20.49%	\$45,000	+20.49%
\$100,000	+21.63%	\$50,000	+21.63%

STATEMENT OF FACT

There are approximately 9,877 elderly recipients of Supplemental Security Income in Maine who would qualify for tax or rent refunds. The average rebate for qualified people in 1974 was \$207 with approximately 8% of those eligible not applying.

SSI recipients are among the lowest income elderly in the State, e.g., an individual on SSI with no other income receives only \$156 per month. Section

6119 of the Elderly Householders Tax and Rent Refund Act states, "It is the intent of this Legislature that any claim paid under this chapter shall supplement any benefits paid under aid to the aged, blind and disabled or any program which succeeds or supplants it."

The Federal Government when it took over the old AABD programs, ruled that property tax rebates no longer constitute income and will not affect the amount of benefit paid under SSI. In spite of the original intent of the law, which still stands, the 106th Legislature specifically excluded SSI recipients from eligibility. This legislation seeks to expand coverage to this low income group who are hardest hit by property taxes and rent.

In order to produce General Fund revenues of sufficient amount to absorb the cost of this bill, an increase in the state personal income tax rate is provided.