

MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 1611

H. P. 1402

House of Representatives, April 13, 1977

On Motion of Mr. Carey of Waterville, referred to Committee on Taxation.
Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Greenlaw of Stonington.

Cosponsors: Mrs. Trafton of Auburn, Mr. Martin of Eagle Lake and
Ms. Benoit of So. Portland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SEVEN

AN ACT to Provide Maine Homestead Property Tax Relief.

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

Sec. 1. 36 MRSA c. 115 is enacted to read:

CHAPTER 115

HOMESTEAD PROPERTY TAX CREDIT

§ 1601. Title

This chapter shall be known and may be cited as the "Maine Homestead Property Tax Credit Law."

§ 1602. Purpose

The purpose of this chapter is to alleviate the burden of property taxation on Maine homeowners owning modest homesteads, and thereby to increase the opportunity for home ownership for Maine citizens.

§ 1603. Definitions

As used in this chapter, the following terms have the following meanings, unless the context dictates otherwise.

1. Assessor. "Assessor" means the municipal assessor or in the case of a primary assessing area the chief assessor, or in the unorganized territory, the State Director of Property Taxation.

2. **Claimant.** "Claimant" means a homeowner who has filed a claim under this chapter for a homestead property tax credit.

3. **Dwelling.** "Dwelling" means a structure used as a residence, including a mobile home or house trailer.

4. **Eligible.** "Eligible" means that the claimant is a homeowner entitled to a homestead property tax credit for the tax assessed based on the status of property on April 1st of the same year.

5. **Homeowner.** "Homeowner" means an individual who has been a resident of this State for at least 6 consecutive months prior to the filing of a claim for homestead property tax credit, and who continues to be a resident of this State and owns the homestead property on April 1st of the year in which the tax is assessed.

6. **Homestead property.** "Homestead property" means a dwelling owned and used as the homeowner's principal place of abode and the parcel of land upon which the dwelling is affixed or located, together with all privileges and appurtenances belonging to the premises when such parcel is owned by the homeowner.

7. **Owned.** "Owned" means title in fee, joint tenancy, tenancy in common, life tenancy or a vendee in possession of homestead property under a contract.

§ 1604. Allowance for credit

An eligible claimant shall be allowed a homestead property tax credit to be deducted each year from the property tax assessed on the homestead property.

§ 1605. Filing

A claimant shall file a claim form annually for the credit, to be signed by the claimant under pain of perjury, on or before April 1st of the year in which the homestead property tax credit is to be allowed. Only one claim may be filed with respect to each homestead property.

§ 1606. Amount of credit

The annual tax credit on the homestead property shall be \$55.

§ 1607. Administration

1. **State Director of Property Taxation.** The State Director of Property Tax Division shall prepare and make available to assessors claim forms with instructions for claimants.

2. **Claim forms.** Claim forms shall be made readily available by assessors to all homestead property owners.

3. **Tax collector.** The tax collector is responsible for the computation of each individual tax credit and the appropriate adjustments of the property tax due.

4. Approval of claims for homestead tax credit. The assessor shall be responsible for the approval of claims for homestead property tax credits and will furnish the tax collector with a list of eligible claimants.

§ 1608. Disallowance of credit

If it is determined that a claim for a homestead property tax credit is in error, it shall be disallowed and, if the credit has been allowed prior to such determination, the amount allowed may be recovered by suit after written demand is made.

§ 1609. Initial credits allowable

The initial assessment on which any municipality may elect to extend homestead property tax credit is the assessment made relative to the status of property on April 1, 1978.

§ 1610. Unorganized territory.

The State Tax Assessor shall administer this tax credit for all homesteads in the unorganized territory.

§ 1611. State reimbursement

Each municipality shall request from the State Tax Assessor, by October 1st, of each year, reimbursement for the costs in the municipality of that year's tax credit. The State Tax Assessor shall make this reimbursement by November 1st of each year.

§ 1612. Rules and regulations

The State Tax Assessor shall establish rules and regulations necessary for the effective and equitable administration of this chapter.

Sec. 2. 36 MRSA c. 903 is enacted to read:

PART 9-A

PROPERTY TAX RELIEF

CHAPTER 903

PROPERTY TAX RELIEF FOR RENTERS

§ 6171. Short title

This Part may be cited as the "Renter's Property Tax Relief Act."

§ 6172. Purpose

The purpose of this chapter is to provide property tax relief for Maine residents who rent their homesteads. In general, it is the person who rents his homestead who carries the heaviest cost-of-housing burden. This rebate represents the portion of property taxes that is passed on to the renter in the form of a higher rent charge.

§ 6173. Definitions

As used in this chapter, unless the context otherwise indicates, the following words shall have the following meanings.

1. Claimant. "Claimant" means a person who has not yet reached the age of 62 and who has filed a claim under this chapter and was domiciled in this State at least 6 months prior to making a claim, and who rented a homestead in this State during the entire calendar year preceding the year in which he files claim for relief under this chapter. When 2 or more individuals of a household are able to meet the qualifications for a claimant, they may determine among themselves as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the State Tax Assessor and his decision shall be final.

2. Gross rent. "Gross rent" means rental actually paid in cash or its equivalent solely for the right of occupancy, at arm's length, of a homestead, exclusive of charges for any utilities, services, furniture, furnishings or personal appliances furnished by the landlord as a part of the rental agreement. When a claimant occupies 2 or more homesteads in the year and does not own his homestead as of April 1st of the year for which relief is requested, "gross rent" shall mean the total rent paid for the homestead most recently rented, multiplied by a number whose numerator is 12 and whose denominator is the number of months that homestead has been rented by the claimant.

If the landlord and tenant have not dealt with each other at arm's 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 chapter.

3. Homestead. "Homestead" means a claimant's principal dwelling, situated within the State of Maine and so much of the land surrounding it, not exceeding one acre, as is reasonably necessary for use of the dwelling as a home and may consist of a part of a multidwelling or multipurpose building and a part of the land upon which it is built. It does not include personal property such as furniture, furnishings or appliances, but a mobile home or a houseboat may be a homestead.

4. Household. "Household" means the association of persons who live in the same dwelling, sharing its furnishings, facilities, accommodations and expenses. The term does not include bona fide lessees, tenants or roomers and boarders on contract.

5. Year for which relief is requested. "Year for which relief is requested" means the calendar year preceding that in which the claim is filed.

§ 6174. Claim is personal

The right to file a claim under this chapter shall be personal to the claimant and shall not survive his death, but such right may be exercised on behalf of a claimant by his legal guardian or attorney-in-fact. If a claimant dies after having filed a timely claim, the amount thereof shall be disbursed to another member of the household as determined by the State Tax Assessor. If the claimant was the only member of his household, the claim may be paid to his executor or administrator, but if neither is appointed and qualified within 2 years of the filing of the claim, the amount of the claim shall escheat to the State.

§ 6175. Claim as rebate from state funds

Subject to the limitations provided in this chapter, a claimant may claim in any year a \$25 rebate for rent constituting property taxes accrued in the preceding year. The State may pay this rebate in the form of a credit on state income taxes owed by the claimant. No interest shall be allowed on any payment made to a claimant pursuant to this chapter. This rebate shall be available for taxes assessed in the year 1977 and thereafter.

§ 6176. Filing date

Subject to the limitations and conditions of this chapter, no claim with respect to rent constituting property taxes accrued, of the next preceding calendar year, shall be paid or allowed unless:

1. Claim filed. The claim is filed with and is in possession of the State Tax Assessor on or after January 1st and on or before the following April 15th; or

2. Claim received. If the claim is received by the following October 15th and the reason for its lateness is deemed so extraordinary that, in the judgment of the State Tax Assessor, tax relief is still justified.

§ 6177. Satisfaction of outstanding tax liabilities

The amount of any claim otherwise payable under this chapter, may be applied by the State Tax Assessor against any liability outstanding on the books of the department against the claimant, or against his or her spouse who was a member of the claimant's household in the year to which the claim relates.

§ 6178. One claim per household; ineligible claims

Only one claimant per household per year shall be entitled to relief under this chapter. An individual may not be a claimant if he is under 18 years of age or a full-time or part-time student claimed as a dependent by any taxpayer under the Federal Internal Revenue Code.

§ 6179. Administration

1. Claimant forms. The State Tax Assessor shall make available suitable forms with instructions for claimants. The claim shall be in such form as the State Tax Assessor may prescribe and shall be signed by the claimant under the penalty of perjury. Those claimants who file state income tax forms shall use the tear-off section of that income tax form which will be provided for the purpose of this chapter by the State Tax Assessor, in order to file claim for a property tax rebate. It is the intent of the Legislature to eliminate the cost and inconvenience of the filing of 2 forms by those who do file state income tax forms.

2. Method of payment. Prior to paying claims according to the procedure set forth in this chapter, the State Tax Assessor shall set aside \$20,000 of the appropriated funds in order to pay valid late claims, as determined by him according to section 6176, subsection 2.

§ 6180. Proof of claim

Every claimant under this chapter shall supply to the State Tax Assessor, in support of his claim, reasonable proof of rents paid, name and addresses of the owners or managing agents of properties rented, and that there are no more than one year of delinquent property taxes on the homestead. The State Tax Assessor shall have authority to request a receipt of rent paid from claimants filing for rebates for rent constituting property taxes under this chapter.

§ 6181. Audit of claim

If on the audit of any claim filed under this chapter, the State Tax Assessor determines the amount to have been incorrectly determined, he shall redetermine the claim and notify the claimant of the redetermination and his reason for it. The redetermination shall be final unless appealed within 30 days of notice.

§ 6182. Denial of claim

If it is determined that a claim is excessive and was filed with fraudulent intent, the claim shall be disallowed in full and, if the claim has been paid, the rebate shall be canceled and the amount paid may be recovered by assessment, and the assessment shall bear interest from the date of payment of the claim, until refunded or paid, at the rate of 1% per month. The claimant in such case, and any person who assisted in the preparation or filing of such excessive claim or supplied information upon which such excessive claim was prepared, with fraudulent intent, is guilty of a misdemeanor. If it is determined that a claim is excessive and was negligently prepared, 10% of the corrected claim shall be disallowed and if the claim has been paid, the rebate shall be reduced or canceled and the proper portion of any amount paid shall be similarly recovered by assessment, and the assessment shall bear interest at 1% per month from the date of payment until refunded or paid.

§ 6183. Appeals

Any person aggrieved by the denial in whole or in part of relief claimed under this chapter, except when the denial is based upon late filing of claim for relief or is based, upon a redetermination of rent constituting property taxes accrued at arm's length, may appeal the denial to the Administrative Court Judge by filing a petition within 30 days after the denial.

§ 6184. Rules and regulations

The State Tax Assessor may establish those rules and regulations necessary for the effective administration of this chapter.

Sec. 3. Appropriation. There is appropriated from the General Fund for the purposes of this Act for fiscal year 1977-78 the sum of \$13,720,000.

	1977-78	1978-79
TAXATION, BUREAU OF		
ALL OTHER	\$3,120,000	\$10,600,000

STATEMENT OF FACT

The purpose of this bill is to provide a \$55 homestead tax credit for all Maine residents and a \$25 property tax rebate for residents who rent their homesteads.