

MAINE STATE LEGISLATURE

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(Governor's Bill)
FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 1585

H. P. 1343

House of Representatives, April 25, 1979

The Committee on Taxation suggested. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Wyman of Pittsfield.

Cosponsors: Mr. Brenerman of Portland, Mr. Diamond of Windham and Mr. Wood of Sanford.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-NINE

AN ACT to Provide Property Tax Relief through a Homestead Exemption Tax Credit.

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

Sec. 1. 36 MRSA c. 904 is enacted to read:

CHAPTER 904

HOMESTEAD EXEMPTION TAX CREDIT

§ 6161. Purpose

The purpose of this chapter is to provide persons owning Maine homesteads an annual credit to alleviate the burden of property taxation.

§ 6162. Definitions

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

1. Eligible claimant. "Eligible claimant" means with respect to a certain year a person, who:

A. Has filed a timely and properly executed claim under this chapter; and

B. Owned, for his own use, a homestead in this State for the entire year.

2. **Equalized tax rate.** "Equalized tax rate" means the tax rate determined by dividing the total amount to be raised through property taxation within a given municipality for the year to which the claim relates by the state valuation in effect at the end of that year, except that in the unorganized territory, it means the actual property tax rate levied against the property for that year.

3. **Homestead.** "Homestead" means all or part of a building, including a mobile home, used by the occupant as his principal place of abode, but excludes health care and boarding care facilities as defined in Title 22 and excludes housing which is not subject to property taxation.

4. **Own.** "Own" shall include, but not be limited to, a vendee in possession of homestead property under a contract.

§ 6163. Credit

Subject to the limitations provided in this chapter, an eligible claimant with respect to the year 1979 shall receive a credit determined by multiplying \$2,000 by the equalized tax rate of the municipality or the unorganized territory in which the homestead was located if he owned his homestead on April 1st of that year. An eligible claimant with respect to a subsequent year shall receive a credit determined by multiplying \$3,000 by the equalized tax rate.

§ 6164. Limitations

1. **Filing requirements.** A claim for the credit provided by this chapter shall be made on the claimant's Maine individual income tax return or, if the claimant is not required to file that return, on a form prescribed by the State Tax Assessor. The claim shall be signed by the claimant subject to the falsification penalties provided by Title 17-A, chapter 19. No credit shall be allowed unless the claim is filed with and received by the State Tax Assessor no later than April 15th immediately following the year for which a rebate is requested, or, in the case of claims made on a Maine individual income tax return, by the due date, as extended by the State Tax Assessor, of that return for the year for which the rebate is requested. The State Tax Assessor may grant the credit upon late claims received within 90 days of the filing deadline if he determines that the reason for late filing is sufficient.

2. **Multiple eligibility.** The tax credit provided by this chapter is limited to one per homestead per year, regardless of whether more than one person sharing that homestead is an eligible claimant. If the State Tax Assessor receives multiple claims relating to the homestead and is unable to bring the claimants to agreement as to the appropriate claimant, he shall determine which claimant is entitled to the benefit.

3. **Set off against tax liability.** The credit provided by this chapter may be set off against any existing liability of the eligible claimant for tax, interest or penalties under this Title and the balance, if any, of the credit paid to the claimant.

4. **Application to elderly householders.** The credit award under this chapter shall be in addition to any benefit awarded under chapter 901, provided that the combined amount of benefits provided by both chapters shall not exceed the limitation provided by section 6112.

5. **Survival of claim.** The right to file claim under this chapter is personal to a prospective claimant and shall not survive his death. If an eligible claimant dies before having received the credit, the State Tax Assessor, in the exercise of his discretion, shall disburse the rebate to another occupant of the homestead or to the executor or administrator of the estate of the eligible claimant.

6. **Escheat.** Credits shall escheat to the State if the original check is not negotiated and no subsequent request for the payment is received by the State Tax Assessor within 2 years of the date of the original claim or if a check is not issued within 3 years of the date of claim and no subsequent request for payment is received within that 3-year period.

§ 6165. Administration

The State Tax Assessor shall modify the Maine individual income tax return to provide claimants the opportunity to request a credit and shall make available a suitable application to those claimants who are not required to file an individual income tax return. Credits shall be paid, without interest, from the General Fund upon the certification of the State Tax Assessor. The State Tax Assessor shall have authority to request reasonable proof of the claimant's eligibility for the credit and may establish, in a manner consistent with the Maine Administrative Procedure Act, rules and regulations for the effective administration of this chapter.

§ 6166. Appeals

Decisions of the State Tax Assessor under this chapter, except those pursuant to section 6164, subsections 1, 2 and 5 may be judicially reviewed in accordance with the Maine Administrative Procedure Act.

Sec. 2. **Appropriation.** The following funds shall be appropriated from the General Fund to carry out the purposes of this Act.

1979-80

1980-81

FINANCE AND ADMINISTRATION,
DEPARTMENT OF

Bureau of Taxation

Positions

(1)

(1)

Personal Services	\$ 22,000	\$ 23,100
All Other	8,900,000	13,300,000
Capital Expenditures	2,000	
	<hr/>	<hr/>
Total	\$8,924,000	\$13,323,100

The personal services line includes an amount for a seasonal position as well as one permanent position.

Fiscal Note

This program will begin with claims filed on or after January 1, 1980 based on the homeowner's status in 1979. It is estimated that the benefits will reach 250,000 homeowners. The average homeowner would receive about \$35 for 1979 and about \$53 for 1980.

STATEMENT OF FACT

This bill establishes a permanent system for property tax relief. It allows a homestead credit based on the first \$2,000 of valuation of a person's principal residence.

The credit would be administered through the income tax. For those who are not required to file a return or pay taxes, the credit would be refundable.

Such a credit could be calculated to take into account and equalize the discrepancies resulting from the use of differing tax rates in the various municipalities.

By making the credit a part of the income tax, we require no cumbersome new system. The credit has no effect on state valuation. This approach is simple to understand and administer. Proportionately, all eligible persons receive the same degree of tax relief; in dollar terms, those with the heaviest burden receive the greatest relief.