

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 721

H.P. 537 House of Representatives, March 11, 1987
Reference to the Committee on Taxation suggested and
ordered printed.

EDWIN H. PERT, Clerk
Presented by Representative CASHMAN of Old Town.
Cosponsored by Speaker MARTIN of Eagle Lake, Senator
TWITCHELL of Oxford and Representative INGRAHAM of Houlton.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-SEVEN

1 AN ACT to Provide Relief from Property Taxes
2 through a Low-income Credit Circuit
3 Breaker.
4

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

7 36 MRSA c. 907 is enacted to read:

8 CHAPTER 907

9 THE LOW-INCOME PROPERTY TAX
10 CIRCUIT BREAKER ACT

11 §7001. Definitions

12 As used in this chapter, unless the context oth-
13 erwise indicates, the following terms have the fol-
14 lowing meanings.

1 1. Claimant. "Claimant" means a person who has
2 filed a claim under this chapter.

3 2. Homestead. "Homestead" means the dwelling,
4 owned or rented by the claimant, and occupied by the
5 claimant as a principal place of abode, and may con-
6 sist of a part of a multidwelling or multipurpose
7 building and a part of the land upon which it is
8 built. "Owned" includes a vendee in possession under
9 a land contract and one or more joint tenants or ten-
10 ants in common.

11 3. Household. "Household" means a claimant and
12 spouse and residents of the homestead for whom the
13 claimant is entitled to claim an exemption as a de-
14 pendent under Part 8 for the year for which relief is
15 requested.

16 4. Household income. "Household income" means
17 the federal adjusted gross income of all members of a
18 household in a calendar year.

19 5. Principal place of abode. "Principal place
20 of abode" means the primary residence of the person
21 making the claim during the year for which relief is
22 requested.

23 6. Year for which relief is requested. "Year
24 for which relief is requested" means the calendar
25 year preceding that in which the claim is filed.

26 Any other term used in this chapter has the same
27 meaning as in Part 8.

28 \$7002. Amount of relief

29 A claimant who occupies a homestead in this State
30 during the year for which relief is requested and who
31 meets the other requirements of this chapter shall be
32 entitled to the following relief:

33 <u>If the household income is:</u>	<u>The relief is:</u>
34 Not over \$2,500	\$132
35 over \$2,500 but not over \$5,000	\$127
36 over \$5,000 but not over \$7,500	\$122
37 over \$7,500 but not over \$10,000	\$117

1	<u>over \$10,000 but not over \$12,500</u>	<u>\$113</u>
2	<u>over \$12,500 but not over \$15,000</u>	<u>\$109</u>
3	<u>over \$15,000 but not over \$17,500</u>	<u>\$105</u>
4	<u>over \$17,500 but not over \$20,000</u>	<u>\$101</u>
5	<u>over \$20,000 but not over \$22,500</u>	<u>\$97</u>
6	<u>over \$22,500 but not over \$25,000</u>	<u>\$94</u>

7 \$7003. Claim is personal

8 The right to file a claim under this chapter is
9 personal to the claimant and does not survive his
10 death. The right to file a claim may be exercised on
11 behalf of a claimant by his legal guardian or attor-
12 ney. If a claimant dies after having filed a valid
13 claim, the amount of the claim shall be disbursed to
14 another member of the household as determined by the
15 State Tax Assessor.

16 If the claimant was the only member of his house-
17 hold, the claim may be paid to his personal represen-
18 tative, but if none is appointed and qualified within
19 2 years of the filing of the claim the amount of the
20 claim shall escheat to the State.

21 \$7004. Limitations

22 1. Income. No claim may be granted to a claim-
23 ant with household income in excess of \$25,000 in the
24 year for which relief is requested.

25 2. Multiple eligibility. The tax relief allowed
26 by this chapter is limited to one benefit per home-
27 stead regardless of whether more than one person
28 sharing that homestead is an eligible claimant. If
29 the State Tax Assessor receives multiple claims re-
30 lating to the homestead and is unable to bring the
31 claimants to agreement as to the appropriate claim-
32 ant, he shall determine which claimant is entitled to
33 the benefit.

34 3. Subsidized housing. No claim otherwise al-
35 lowable may be granted to claimants domiciled in
36 housing that is subsidized by government programs
37 which limit housing costs exclusively to a certain
38 percentage of household income.

39 \$7005. Filing date

1 No claim may be paid unless the claim is filed
2 with the Bureau of Taxation on or after January 1st
3 and on or before April 15th of the year following the
4 year for which relief is requested.

5 \$7006. Administration

6 The State Tax Assessor shall administer relief
7 granted under this chapter as a refundable credit on
8 state income tax returns. The State Tax Assessor
9 shall make suitable forms available with instructions
10 for claimants not required to file a state income tax
11 return.

12 \$7007. Audit of claim

13 If, on the audit of any claim filed under this
14 chapter, the State Tax Assessor determines the amount
15 to have been incorrectly determined, he shall rede-
16 termine the claim and notify the claimant of the re-
17 determination and his reasons for it. The redetermi-
18 nation shall be final unless appealed to the State
19 Tax Assessor within 30 days of notice.

20 \$7008. Penalties

21 If it is determined that a claim is excessive and
22 was filed with fraudulent intent, the claim shall be
23 disallowed in full and, if the claim has been paid,
24 the amount paid may be recovered by assessment and
25 the assessment shall bear interest from the date of
26 payment or credit of the claim, until refunded or
27 paid, at the rate of 1% per month. The claimant in
28 that case and any person who assisted in the prepara-
29 tion or filing of the excessive claim or supplied in-
30 formation upon which the excessive claim was pre-
31 pared, with fraudulent intent, is guilty of a Class E
32 crime.

33 \$7009. Appeal

34 A denial in whole or in part of relief claimed
35 under this chapter may be appealed in accordance with
36 the Maine Administrative Procedure Act, Title 5,
37 chapter 375.

38 \$7010. Extension of time for filing claims

In case of sickness, absence or other disability or if, in his judgment, good cause exists, the State Tax Assessor may extend, for a period not to exceed 6 months, the time for filing a claim.

STATEMENT OF FACT

This bill is a recommendation of the Speaker's Select Committee on Property Tax Reform and provides low-income households with relief from excessive property taxes.

The property tax is generally considered to be a regressive tax. Such a tax consumes a larger proportion of the income of low-income persons than it does of higher income persons. This bill relieves the regressivity of the tax by providing a credit or payment which is inversely proportional to a household's income. Both renters and homeowners are eligible for the benefits provided by this bill.

The credit available under this bill is restricted to households with federal adjusted gross income of \$25,000 or less. Benefits range from \$94 for the highest income households to \$132 for the lowest income households. Households receiving benefits under government programs subsidizing housing costs are generally excluded because their cost of housing is already being limited to a proportion of their income. The credit will be administered primarily through the income tax with an opportunity for persons who do not file an income tax return to apply separately. The credit is refundable so that the full amount of the benefit will be available even if it exceeds the amount of income taxes paid by the claimant.

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