

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 557

H.P. 414

House of Representatives, March 6, 1989

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative COLES of Harpswell.

Cosponsored by Speaker MARTIN of Eagle Lake, Representative CASHMAN of Old Town and Senator ANDREWS of Cumberland.

STATE OF MAINE

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

An Act to Reduce the Property Tax Burden.

(EMERGENCY)



1 **Emergency preamble.** Whereas, Acts of the Legislature do not
2 become effective until 90 days after adjournment unless enacted
3 as emergencies; and

5 **Whereas,** rising property values in Maine have drastically
6 increased the property tax liability of many Maine residents in
7 recent years and have caused financial hardship for property
8 owners who must pay these rising taxes; and

9 **Whereas,** current law providing property tax relief applies
10 only to persons below a certain income and thus denies many
11 people of moderate income any tax relief and, moreover, restricts
12 the dollar value of the relief to an amount which in many cases
13 fails to afford meaningful tax relief; and

14 **Whereas,** a change in the current period for filing a claim,
15 August 1st to October 15th, is necessary to facilitate joint
16 processing of property tax relief claims and state income tax
17 returns, and to avoid payment by the State of 2 sets of tax
18 relief claims in a single fiscal year; and

19 **Whereas,** in the judgment of the Legislature, these facts
20 create an emergency within the meaning of the Constitution of
21 Maine and require the following legislation as immediately
22 necessary for the preservation of the public peace, health and
23 safety; now, therefore,

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

25 **Sec. 1. 36 MRSA §6162-A, sub-§6,** as enacted by PL 1987, c.
26 528, §2, is amended to read:

27 **6. Adjustment.** The Beginning March 1, 1989, and annually
28 thereafter, the State Tax Assessor shall determine the household
29 income eligibility adjustment factor. That factor shall be
30 multiplied by the income limitations provided in this section
31 shall-be-adjusted-annually-in-the-same-manner-as-provided-in
32 chapter-901-and-its-successors, applicable for the year prior to
33 the year for which relief is requested. The result shall be
34 rounded to the nearest \$100 and shall apply to the year for which
35 relief is requested corresponding to the year on which the
36 annualized cost-of-living adjustments were based.

37 **Sec. 2. 36 MRSA §6201, sub-§9,** as enacted by PL 1987, c. 516,
38 §§3 and 6, is amended to read:

39 **9. Income.** "Income" means the sum of Maine adjusted gross
40 income determined in accordance with Part 8, the amount of
41 capital gains excluded from adjusted gross income, alimony,
42 support money, nontaxable strike benefits, the gross amount of
43 any pension or annuity, including railroad retirement benefits,
44 all payments received under the United States Social Security

1 Act, state unemployment insurance laws, veterans' disability
2 pensions, nontaxable interest received from the Federal
3 Government or any of its instrumentalities, interest or dividends
4 on obligations or securities of this State and its political
5 subdivisions and authorities, workers' compensation and the gross
6 amount of "loss of time" insurance, cash public assistance and
7 relief, but not including relief granted under this chapter. It
8 does not include gifts from nongovernmental sources or surplus
9 foods or other relief in kind supplied by a governmental agency.

11 **Sec. 3. 36 MRSA §6204**, as enacted by PL 1987, c. 516, §§3 and
12 6, is amended to read:

13

§6204. Filing date

15

16 No claim may be paid unless the claim is filed with the
17 Bureau of Taxation on or after ~~August 1st~~ January 1st and on or
18 before the following ~~October 15th~~ December 31st for property
19 taxes, or rent constituting property taxes, paid during the
20 previous calendar year.

21

22 **Sec. 4. 36 MRSA §6206**, as amended by PL 1987, c. 516, §§3 and
23 6, is repealed.

24 **Sec. 5. 36 MRSA §6207**, as amended by PL 1987, c. 876, §§5 and
25 10, is repealed.

27

28 **Sec. 6. 36 MRSA §6207-A** is enacted to read:

29

§6207-A. Calculation of benefits

31

32 A claimant representing a household shall qualify for the
33 following benefits subject to the following calculations.

35

36 1. Benefit calculation. For claimants representing a
37 household, the benefit is the amount by which the benefit base
38 exceeds 5% of income to a maximum payment of \$2,000.

39

40 2. Subsidized housing. No claim may be granted under this
41 section to claimants whose housing costs for the year for which
42 relief is requested were subsidized by government programs which
43 limit housing costs to a percentage of household income.

44

45 3. Minimum benefit. No claim of less than \$5 may be
46 granted.

47 **Sec. 7. 36 MRSA §§6208 and 6209**, as enacted by PL 1987, c.
48 516, §§3 and 6, are repealed.

49

50 **Sec. 8. 36 MRSA §6210**, as enacted by PL 1987, c. 516, §§3
51 and 6, is amended to read:

1 **§6210. Administration**

3 The State Tax Assessor shall make available suitable forms
with instructions for claimants. The claim shall be in the form
5 the State Tax Assessor may prescribe and shall be signed by the
claimant. The State Tax Assessor shall by rule establish
7 procedures, in the case of claimants who file income tax returns,
permitting use of the same forms as those required for income tax
9 returns.

11 **Emergency clause.** In view of the emergency cited in the
preamble, this Act shall take effect when approved.
13

15 **STATEMENT OF FACT**

17 The purpose of this bill is to make all state residents
eligible for the existing property tax relief program, commonly
19 referred to as the circuit breaker program. The bill provides
that if a state resident, regardless of age, spends more than 5%
21 of the resident's income in a given year on property tax, or
qualifying rental payments, for the resident's principal
23 dwelling, the resident is eligible for a rebate for the
difference up to \$2,000. Since the bill makes all Maine
25 residents, regardless of income, eligible for property tax
relief, the provisions in current law which establish separate
27 formulas for calculating the benefit eligibility of elderly
versus nonelderly applicants are no longer necessary. The bill
29 removes these provisions.

31 The bill also changes the definition of income used for
calculating benefit eligibility. The bill makes interest or
33 dividends on stocks, bonds or other securities issued by the
State, its political subdivisions or authorities count as income
35 in calculating the percentage of income a claimant has paid in
real property taxes.
37

39 The bill also directs the State Tax Assessor to promulgate
regulations which would allow applicants to apply for property
tax relief on their state income tax forms.
41

43 Lastly, the bill moves language specifying how the State Tax
Assessor shall annually calculate the household income
eligibility adjustment factor for elderly households from chapter
45 907, the circuit breaker program, to chapter 905, which deals
with the low-cost drug program for elderly people. Chapter 905
47 currently incorporates this provision, repealed by the bill, by
reference. This affects no substantive change in the low-cost
49 drug program.