

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)



114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 1423

H.P. 1022

House of Representatives, May 2, 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 BREWER of Boothbay Harbor.

Cosponsored by Representative HICHBORN of LaGrange, Representative CARROLL of Southwest Harbor and Speaker MARTIN of Eagle Lake.

STATE OF MAINE

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

An Act to Establish Homestead Credits.



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

3 Sec. 1. 36 MRSA c. 105, sub-c. IV-A is enacted to read:

5 SUBCHAPTER IV-A

7 HOMESTEAD PROPERTY TAX CREDIT

9 §671. Short title

11 This subchapter shall be known and may be cited as the
13 "Homestead Property Tax Credit Act."

15 §672. Homeowners' Fund established

17 The Homeowner's Fund is established. The Treasurer of State
19 shall dedicate, apportion and distribute funds, including any
interest, to the municipalities from which these funds are
collected as provided in this subchapter.

21 §673. Credit for homesteads

23 1. Credit established. Every person who has legal title to
25 real property in this State and who resides on that property and
27 in good faith makes that property a permanent residence, or if
29 that property is the permanent residence of another or others
31 legally or naturally dependent on that person, is entitled to a
tax credit as provided in subsection 2. The title may be held,
jointly or in common with others, and the credit may be
apportioned among the owners residing on the property according
to their respective interests. No more than one credit may be
allowed to any one person or on any one dwelling house.

33 2. Credit formula. The credit available to a taxpayer who
35 has met the requirements of this subchapter shall be as follows.

37 A. Any taxpayer whose property tax liability equals twice
39 or more of the amount of the maximum credit as determined
under section 680 shall receive the full amount of the
credit.

41 B. Any taxpayer whose property tax liability equals less
43 than twice the amount of the maximum credit shall receive
45 50% of the amount of property tax liability as a credit
toward that taxpayer's property tax liability.

47 3. Applicability. The credit provided in this section
49 applies only to those parcels or portions of parcels classified
and assessed as owner-occupied residential property.

51 §674. Eligibility; permanent residency

1 Intention to establish a permanent residence in this State
2 is a factual determination to be made, in the first instance, by
3 the municipal assessor. The municipal assessor shall consider
4 the following factors in determining the intent of a person
5 claiming a credit to establish a permanent residence in this
6 State:

7
8 1. Voter registration. The place where the applicant is
9 registered to vote; and

10 2. Excise tax payment. The place where the applicant pays
11 excise tax.

12
13 For the purposes of this subchapter, "permanent residence"
14 means that place where a person has a true, fixed and permanent
15 home and principal establishment to which, whenever absent, that
16 person has the intention of returning. A person may have only
17 one permanent residence at a time and, once permanent residence
18 is established in a foreign state or country, it is presumed to
19 continue until the person shows that a change has occurred.

20
21 §675. Forms

22
23 The Bureau of Taxation shall furnish to the municipal
24 assessor of each municipality a sufficient number of printed
25 forms to be filed by taxpayers claiming a credit and shall
26 prescribe the content of these forms. The municipal assessor
27 shall ensure that these forms are available to taxpayers during
28 regular business hours.

29
30 §676. Application

31
32 On or after January 1st and on or before April 1st of each
33 year, a taxpayer claiming a credit for the preceding calendar
34 year under section 673 shall file a form as provided in section
35 675 with the municipal assessor. The municipal assessor, or an
36 authorized designee, shall give to the taxpayer a receipt that
37 identifies the property for which a credit is claimed and that
38 bears the date the form is received. Possession of this receipt
39 is conclusive proof of the timely filing of the form.

40 §677. Municipal responsibility; eligibility determination

41
42 The municipality shall perform the following functions.

43
44 1. Eligibility determination. The municipal assessor shall
45 determine the taxpayer applicant's eligibility under section 674.

46
47 2. Number of eligible taxpayers. The municipal assessor,
48 upon receipt of all applications filed during the current year
49 under section 676, shall determine the total number of eligible
50 taxpayer applicants within that municipality and forward that
51

1 information, together with the information in subsection 3, to
2 the Bureau of Taxation by May 1st of the same year.

3
4 3. Anticipated loss of revenue. Using the amount of the
5 estimated maximum credit provided by the Bureau of Taxation under
6 section 680, the municipal assessor shall calculate the total
7 anticipated loss of revenue to the municipality attributable to
8 the availability of the homestead property tax credit.

9
10 **§678. Credit; refusal, hearings**

11
12 If the municipal assessor finds that the taxpayer applicant
13 is not entitled to the credit, the municipal assessor shall
14 immediately make out a notice of disapproval that includes the
15 reasons for the disapproval, a copy of which shall be served on
16 the taxpayer applicant by the municipal assessor either by
17 personal delivery or by registered mail to the post office
18 address given by the taxpayer applicant, and file the notice with
19 the clerk of the State Board of Property Tax Review. The notice
20 of disapproval of application for credit, when filed with the
21 board, constitutes an appeal of the applicant to the board from
22 the decision of the municipal assessor refusing to allow the
23 credit. The board shall review the application and evidence
24 presented to the municipal assessor upon which the taxpayer
25 applicant based the claim for credit and shall hear the taxpayer
26 applicant in person or by agent on behalf of the taxpayer
27 applicant's right to the credit. The board shall reverse the
28 decision of the municipal assessor and grant the credit to the
29 taxpayer if, in the board's judgment, the taxpayer applicant is
30 entitled to the credit or shall affirm the decision of the
31 municipal assessor. Action of the board shall be final unless
32 the applicant, within 15 days from the date of refusal of the
33 application by the board, files in the District Court in the
34 county in which the homestead is situated a proceeding against
35 the municipal assessor for declaratory judgment or other
36 appropriate proceeding. The failure of the taxpayer to appear
37 before the municipal assessor or the State Board of Property Tax
38 Review or to file any paper other than the application under
39 section 676 shall not constitute any bar or defense to these
40 proceedings.

41
42 **§679. Estimated maximum credit**

43
44 Based on the balance of the Homeowners' Fund as of April
45 1st, the Bureau of Taxation shall estimate the maximum credit
46 available to any taxpayer filing a claim for that year based on
47 revenues received and projected revenues and inform each
48 municipality of the amount of the maximum credit by April 15th of
49 that year.

1
3
5
7
9
11
13
15
17
19
21
23
25
27
29
31
33
35
37
39
41
43
45
47
49
51

§680. Determination of maximum credit amount

Using the information provided to the Bureau of Taxation by municipal assessors under section 677, the Bureau of Taxation shall divide the amount of funds available for disbursement as determined under section 681 by the total number of eligible taxpayer applicants for that year. The quotient represents the maximum credit amount.

§681. Disbursement

1. Funds available for disbursement. After June 30th of each year, the Bureau of Taxation shall determine the amount of funds dedicated to the Homeowners' Fund, plus interest, for the fiscal year during which the credit is claimed. The amount of funds available for disbursement to municipalities shall be 80% of that figure. Remaining funds shall not lapse and shall be carried forward to the next year.

2. Disbursement of funds. By September 30th of each year, the Bureau of Taxation shall disburse and distribute the revenue in the Homeowners' Fund, as provided in subsection 1, to municipalities. Each municipality shall be reimbursed for any loss of revenue attributable to the credit as reported to the Bureau of Taxation under section 677.

§682. False filing

Any person who knowingly gives false information for the purpose of claiming a homestead property tax credit as provided for in this subchapter commits a Class E crime.

Sec. 2. 36 MRSA §1811, first ¶, as repealed and replaced by PL 1987, c. 497, §40, is amended to read:

A tax is imposed at the rate of 5% ~~6%~~ on the value of all tangible personal property, on telephone and telegraph service, on extended cable television service, on fabrication services and on custom computer programming sold at retail in this State and at the rate of 7% on the value of all other taxable services sold at retail in this State. Value shall be measured by the sale price, except as otherwise provided.

Sec. 3. 36 MRSA §1812, sub-§1, ¶A, as repealed and replaced by PL 1987, c. 402, Pt. A, §181, is amended to read:

A. If the tax rate is 5% ~~6%~~:

Amount of Sale Price	Amount of Tax
\$0.01 to \$0.10 <u>\$0.09</u> , inclusive	0¢

1	r 11	.10 to	r 20	.16, inclusive	1¢
	r 21	.17 to	r 40	.33, inclusive	2¢
3	r 41	.34 to	r 60	.50, inclusive	3¢
	r 61	.51 to	r 80	.66, inclusive	4¢
5	r 81	.67 to	1-00	.83, inclusive	5¢
		.84 to		1.00, inclusive	6¢

7

9 One-sixth of the amount collected under this paragraph shall be deposited into the Homeowners' Fund established in Title 36, chapter 105, subchapter IV-A.

11

13 **Sec. 4. 36 MRSA §1812, sub-§2,** as enacted by PL 1987, c. 402, Pt. A, §181, is amended to read:

15

17 2. Several items. When several purchases are made together and at the same time, the tax shall be computed on the total amount of the several items, except that purchases taxed at 5% 6% and 7% shall be separately totaled.

19

21

STATEMENT OF FACT

23

25 This bill raises the sales tax from 5% to 6%. The additional sales tax collected as a result of this increase will be returned to the municipality through the Homeowners' Fund.

27

29 This bill establishes the Homeowners' Fund and the application process by which a taxpayer applicant may receive a homestead property tax credit. The purpose of this bill is to provide property tax relief.

31