

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

FIRST REGULAR SESSION-1995

Legislative Document

No. 890

H.P. 667

House of Representatives, March 21, 1995

An Act to Make the Circuit-breaker Program a Credit under the Income Tax.

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative PERKINS of Penobscot.
Cosponsored by Representatives: GREENLAW of Standish, KEANE of Old Town,
MURPHY of Berwick, REED of Falmouth, RICHARDSON of Portland, TUTTLE of
Sanford, Senator: CAREY of Kennebec.

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

2
4 **Sec. 1. 36 MRSA §6201, sub-§3, ¶¶A to C**, as enacted by PL 1987, c. 516, §§3 and 6, are amended to read:

6 A. At least one member of the household has attained the
8 age of 62 during the year for which ~~relief-is-requested~~ a credit is claimed;

10 B. The claimant is currently not married and has attained
12 the age of 55 during the year for which ~~relief-is-requested~~ a credit is claimed and is, due to disability, receiving
14 federal disability payments, such as supplemental security income; or

16 C. The claimant is currently married and has attained the
18 age of 55 during the year for which ~~relief-is-requested~~ a credit is claimed and both the claimant and the claimant's
20 spouse are, due to disability, receiving federal disability payments, such as supplemental security income.

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

24 **6. Household.** "Household" means a claimant and spouse and
26 members of the household for whom the claimant under this chapter is entitled to claim an exemption as a dependent under Part 8 for
28 the year for which ~~relief-is-requested~~ a credit is claimed.

30 **Sec. 3. 36 MRSA §6201, sub-§8**, as enacted by PL 1987, c. 516, §§3 and 6, is amended to read:

32 **8. Household income eligibility adjustment factor.**
34 "Household income eligibility adjustment factor" means one plus
36 the annualized cost-of-living adjustments for Social Security retirement benefits during the year for which ~~relief-is-requested~~ a credit is claimed.

38 **Sec. 4. 36 MRSA §6201, sub-§9**, as amended by PL 1993, c. 395, §28, is further amended to read:

42 **9. Income.** "Income" means the sum of Maine adjusted gross
44 income determined in accordance with Part 8, the amount of capital gains excluded from adjusted gross income, the absolute
46 value of the amount of trade or business loss, net operating loss carry-over, capital loss, rental loss, farm loss, partnership or
48 S Corporation loss included in adjusted gross income, alimony, inheritance, life insurance proceeds paid on death of insured,
50 nontaxable lawsuit rewards, such as slander, libel and pain and suffering, excluding reimbursements such as medical and legal

2 expenses associated with the case, support money, nontaxable
3 strike benefits, the gross amount of any pension or annuity,
4 including railroad retirement benefits, all payments received
5 under the federal Social Security Act, state unemployment
6 insurance laws, veterans' disability pensions, nontaxable
7 interest received from the Federal Government or any of its
8 instrumentalities, interest or dividends on obligations or
9 securities of this State and its political subdivisions and
10 authorities, workers' compensation and the gross amount of "loss
11 of time" insurance, cash public assistance and relief, but not
12 including ~~relief~~ the credit granted under this chapter. Income
13 does not include the first \$5,000 in the proceeds from a life
14 insurance policy, whether paid in a lump sum or in the form of an
15 annuity. Income also does not include gifts from nongovernmental
16 sources or surplus foods or other relief in kind supplied by a
17 governmental agency.

18 **Sec. 5. 36 MRSA §6201, sub-§11**, as amended by PL 1987, c. 839,
19 §1, is further amended to read:

20
21 **11. Rent constituting property taxes accrued for an elderly**
22 **household.** "Rent constituting property taxes accrued for an
23 elderly household" means 25% of the gross rent actually paid in
24 cash or its equivalent in any tax year by a claimant and the
25 claimant's household solely for the right of occupancy of their
26 Maine homestead in the tax year and which rent constitutes the
27 basis, in the succeeding calendar year, of a claim for ~~relief~~ a
28 credit under this chapter by the claimant.

29
30 **Sec. 6. 36 MRSA §6201, sub-§11-A**, as enacted by PL 1987, c.
31 839, §2, is amended to read:

32
33 **11-A. Rent constituting property taxes accrued for**
34 **nonelderly household.** "Rent constituting property taxes accrued
35 for nonelderly household" means 15% of the gross rent actually
36 paid in cash or its equivalent in any tax year by a claimant and
37 the claimant's household solely for the right of occupancy of
38 their Maine homestead in the tax year and which rent constitutes
39 the basis, in the succeeding calendar year, of a claim for ~~relief~~
40 a credit under this chapter by the claimant.

41
42 **Sec. 7. 36 MRSA §6201, sub-§12**, as enacted by PL 1987, c. 516,
43 §§3 and 6, is amended to read:

44
45 **12. Year for which a credit is claimed.** "Year for which
46 ~~relief--is--requested~~ a credit is claimed" means the ~~calendar~~
47 income tax year preceding that in which the claim is filed.

48
49 **Sec. 8. 36 MRSA §6202**, as amended by PL 1993, c. 395, §30, is
50 repealed.

2 **Sec. 9. 36 MRSA §6203**, as enacted by PL 1987, c. 516, §§3 and
6, is repealed.

4 **Sec. 10. 36 MRSA §6203-A** is enacted to read:

6 **§6203-A. Credit against income tax**

8 A credit in the amount determined under section 6206 or 6207
10 is allowed against the tax otherwise due under Part 8. If the
12 amount of the credit exceeds the amount of tax otherwise due, the
amount of the excess must be paid to the claimant.

14 **Sec. 11. 36 MRSA §6204**, as amended by PL 1989, c. 534, Pt. A,
§5, is repealed.

16 **Sec. 12. 36 MRSA §6205**, as enacted by PL 1987, c. 516, §§3
18 and 6, is amended to read:

20 **§6205. One claim per household**

22 Only one claimant per household or homestead per year shall
24 be is entitled to relief a credit under this chapter.

26 **Sec. 13. 36 MRSA §6206**, as enacted by PL 1987, c. 516, §§3
and 6, is amended to read:

28 **§6206. Income limitations for elderly households**

30 A claimant representing an elderly household shall-qualify
32 qualifies for the following benefits credit subject to the
following income limitations.

34 **1. Single-member elderly households.** For single-member
36 elderly households, the benefit-shall-be credit is calculated as
follows:

38 If household income	The <u>benefit credit</u> equals:
equals:	
40 \$ 0 to \$6,800	100% of the benefit base up to a maximum of \$400
42 \$6,801 to \$7,000	75% of the benefit base up to a maximum of \$300
44 \$7,001 to \$7,200	50% of the benefit base up to a maximum of \$200
46 \$7,201 to \$7,400	25% of the benefit base up to a maximum of \$100
48	
50	

2 **2. Elderly households with 2 or more members.** For elderly
households with 2 or more members, the ~~benefit shall be~~ credit is
4 calculated as follows:

6	If household income equals:	The <u>benefit credit</u> equals:
8		
10	\$ 0 to \$8,100	100% of the benefit base up to a maximum of \$400
12	\$8,101 to \$8,500	75% of the benefit base up to a maximum of \$300
14	\$8,501 to \$8,800	50% of the benefit base up to a maximum of \$200
16		
18	\$8,801 to \$9,200	25% of the benefit base up to a maximum of \$100
20		

20 ~~3. -- Minimum benefit. No claim of less than \$5 may be granted.~~

22 **Sec. 14. 36 MRSA §6207, first ¶**, as enacted by PL 1987, c. 516,
24 §§3 and 6, is amended to read:

26 A claimant representing a nonelderly household ~~shall qualify~~
qualifies for the following ~~benefits~~ credit subject to the
28 following income limitations.

30 **Sec. 15. 36 MRSA §6207, sub-§1**, as amended by PL 1993, c. 410,
Pt. C, §6, is further amended to read:

32 **1. Credit calculation.** For claimants representing a
34 nonelderly household, the ~~benefit~~ credit is calculated as follows:

36 A-1. Seventy percent of that portion of the benefit base
38 that exceeds 7.0% of income to a maximum payment of \$500.

40 **Sec. 16. 36 MRSA §6207, sub-§3**, as enacted by PL 1987, c. 516,
§§3 and 6, is amended to read:

42 **3. Subsidized housing.** No ~~claim~~ credit may be granted under
this section to claimants whose housing costs for the year for
44 which ~~relief a~~ credit is requested were subsidized by government
programs ~~which~~ that limit housing costs to a percentage of
46 household income.

48 **Sec. 17. 36 MRSA §6207-A** is enacted to read:

50 §6207-A. Proof of payment of taxes

2 If the claimant received a credit for property tax under
4 this chapter in the year before a credit is claimed, the claimant
 must submit a receipt or a statement from the municipal tax
6 collector indicating that the property tax has been paid.

8 **Sec. 18. 36 MRSA §6208**, as enacted by PL 1987, c. 516, §§3
 and 6, is amended to read:

10 **§6208. Elderly option**

12 If a claimant representing an elderly household would
14 qualify for a larger ~~benefit~~ credit under section 6207 than ~~he~~
 the claimant would receive under section 6206, then that claimant
16 may choose to receive the ~~benefit~~ credit calculated under section
 6207.

18 **Sec. 19. MRSA §6209**, as amended by PL 1989, c. 508, §25, is
 further amended to read:

20 **§6209. Annual adjustment**

22 **1. Household limitation adjustment.** Beginning March 1,
24 1989, and annually thereafter, the State Tax Assessor shall
 determine the household income eligibility adjustment factor.
26 That factor ~~shall be~~ is multiplied by the income limitations in
 section 6206, applicable for the year prior to that for which
28 relief a credit is requested. The result ~~shall be~~ is rounded to
 the nearest \$100 and ~~shall apply~~ applies to the year for which
30 relief a credit is requested corresponding to the year on which
 the annualized cost of living adjustments were based. Beginning
32 March 1, 1991, the same procedure ~~shall be~~ is employed to
 adjust the income limitation in section 6207, subsection 2.

34 **Sec. 20. 36 MRSA §6210**, as enacted by PL 1987, c. 516, §§3
36 and 6, is amended to read:

38 **§6210. Administration**

40 The State Tax Assessor shall make available with income tax
42 forms suitable forms with instructions for claimants for claiming
 a credit under this chapter. ~~The claim shall be in the form the~~
44 ~~State Tax Assessor may prescribe and shall be signed by the~~
 ~~claimant.~~ The administrative provisions applying to Part 8 also
46 apply to claims under this chapter.

48 **Sec. 21. 36 MRSA §6211**, as enacted by PL 1987, c. 516, §§3
 and 6, is amended to read:

50 **§6211. Audit of claim**

2 If, on the audit of any claim filed under this chapter, the
3 State Tax Assessor determines the amount to have been incorrectly
4 determined, ~~he~~ the State Tax Assessor shall redetermine the claim
5 and notify the claimant of the redetermination and ~~his~~ the
6 reasons for it. The redetermination ~~shall--be~~ is final unless
7 appealed to the State Tax Assessor within 30 days of notice.

8
9 **Sec. 22. 36 MRSA §6212**, as amended by PL 1989, c. 534, Pt. A,
10 §9, is repealed.

11
12 **Sec. 23. 36 MRSA §6213**, as enacted by PL 1987, c. 516, §§3
13 and 6, is repealed.

14
15 **Sec. 24. 36 MRSA §6214**, as enacted by PL 1987, c. 516, §§3
16 and 6, is amended to read:

17 **§6214. Disallowance of certain claims**

18
19 A claim ~~shall~~ must be disallowed, if the State Tax Assessor
20 finds that the claimant received title to ~~his~~ the homestead
21 primarily for the purpose of receiving ~~benefits~~ a credit under
22 this chapter.

23
24 **Sec. 25. 36 MRSA §6215**, as enacted by PL 1987, c. 516, §§3
25 and 6, is repealed.

26
27 **Sec. 26. 36 MRSA §6216**, as amended by PL 1989, c. 614, is
28 further amended to read:

29 **§6216. Protection from loss of benefits**

30
31 It is the intent of the Legislature that any claim paid
32 under this chapter ~~shall--supplement~~ supplement any benefits paid
33 under aid to the aged, blind and disabled or any program ~~which~~
34 that succeeds or supplants it. The Department of Human Services
35 shall take any ~~such~~ action ~~as--may--be~~ necessary to ~~assure~~ ensure
36 that recipients of aid to the aged, blind and disabled ~~shall~~
37 continue to receive as high a percentage of their current
38 assistance as ~~may--be~~ possible. To carry out this ~~legislative~~
39 directive section, the department shall utilize all the state
40 funds expected to be saved by a reduction in benefits of
41 recipients of aid to the aged, blind and disabled resulting from
42 this chapter to raise the standards of aid to the aged, blind and
43 disabled at a total cost in state funds equivalent to the savings
44 in state funds ~~which~~ that would be expected as a result of this
45 chapter.

46
47 Benefits Credits received under this chapter may not be
48 included as income for purposes of any state or municipally
49 administered public benefit program but may be considered for
50

2 purposes of determining eligibility for abatement under section
3 841, subsection 2.

4 These benefits credits do not duplicate and shall may not
5 reduce the amount of any individual's payment under the Aid to
6 Families with Dependent Children program because those payments
7 are insufficient to meet the total amount of money determined to
8 be needed for housing in accordance with the state standard of
9 need under that program.

10 **Sec. 27. 36 MRSA §6218**, as enacted by PL 1987, c. 534, Pt. A,
11 §10, is amended to read:

12 **§6218. Readability; application; instructions**

13 The application form and instructions used by applicants for
14 assistance a credit under the Maine Residents Property Tax
15 Program and its successor, if any, shall must have a readability
16 score, as determined by a recognized instrument for measuring
17 adult literacy levels, equivalent to no higher than a 6th grade
18 reading level.

19 **Sec. 28. 36 MRSA §6220**, as amended by PL 1991, c. 780, Pt.
20 DDD, §21, is further amended to read:

21 **§6220. Coordination required**

22 The Bureau of Taxation shall seek the advice and cooperation
23 of the Bureau of Elder and Adult Services; the Bureau of Income
24 Maintenance; the Bureau of Child and Family Services; advocates
25 for elderly and low-income individuals; the Maine Literacy
26 Coalition; and other interested agencies and organizations in
27 developing the application ~~form---and---instruction---booklet~~
28 information and instructions for the Maine Residents Property Tax
29 Program and the outreach plan required by section 6219.

30 **STATEMENT OF FACT**

31 This bill changes the Maine Residents Property Tax Program
32 from a separate refund program to a refundable credit under the
33 income tax. Application for the credit would be included with an
34 income tax return. In the 2nd and subsequent years of claiming
35 the credit, the claimant is required to show proof that the
36 previous year's property tax was paid.