

# MAINE STATE LEGISLATURE

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L.D. 1950

DATE: 3-30-98

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
118TH LEGISLATURE  
SECOND REGULAR SESSION

HOUSE AMENDMENT "G" to COMMITTEE AMENDMENT "A" to H.P. 1397, L.D. 1950, Bill, "An Act to Make Supplemental Appropriations and Allocations for the Expenditures of State Government and Changes to Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 1998 and June 30, 1999"

Amend the amendment in Part T by striking out all of section 5.

Further amend the amendment by adding after Part DDD the following:

PART EEE

Sec. EEE-1. 5 MRSA §1518, sub-§1, ¶A, as enacted by PL 1997, c. 24, Pt. E, §1, is repealed.

Sec. EEE-2. 36 MRSA §507, first ¶, as amended by PL 1985, c. 376, is further amended to read:

When a municipality issues a property tax bill to each taxpayer, each bill shall must contain a statement or calculation that demonstrates the amount or percentage by which the taxpayer's tax has been reduced by the distribution of state-municipal revenue sharing, state reimbursement for the Maine resident homestead property tax exemption and state aid for education. The property tax bill must contain a statement of the assessed value of a homestead, before and after the calculation of a Maine resident homestead property tax exemption, and the amount of the exemption applied to the homestead. The State Tax Assessor shall annually provide each municipality with the amount of state-municipal revenue sharing and state aid for education subject to identification under this section.



2           4. Previous permanent residence. The previous permanent  
residence of the applicant and the date the previous permanent  
4           residency was terminated;

6           5. Voter registration. The place where the applicant is  
registered to vote;

8           6. Driver's license. The place of issuance to the  
10          applicant of a driver's license and the address listed on the  
license;

12          7. Certificate of motor vehicle registration. The place of  
14          issuance of a certificate of registration of a motor vehicle  
owned by the applicant and the address listed on the certificate;

16          8. Income tax returns. The residence claimed on any income  
18          tax return filed by the applicant;

20          9. Motor vehicle excise tax. The place of payment of a  
motor vehicle excise tax by the applicant; or

22          10. Military residence. A declaration by the applicant of  
24          permanent residence registered with any branch of the Armed  
Forces of the United States.

26           **§683. Exemption of homesteads**

28           1. Exemption amount. The estate up to the just value of  
30          \$7,000 of the homestead of a permanent resident of this State who  
has owned a homestead in this State for the preceding 12 months  
32          is exempt from taxation except for assessments for special  
benefits. In determining the local assessed value of the  
34          exemption, the assessor shall multiply the amount of the  
exemption by the ratio of current just value upon which the  
36          assessment is based as furnished in the assessor's annual return  
pursuant to section 383. If the title to a homestead is held by  
38          the applicant jointly or in common with others, the exemption may  
not exceed \$7,000 of the just value of the homestead, but may be  
40          apportioned among the owners who reside on the property to the  
extent of their respective interests. A municipality responsible  
42          for administering the homestead exemption has no obligation to  
create separate accounts for each partial interest in a homestead  
44          owned jointly or in common.

46          2. Exemption in addition to other exemptions. The  
48          exemption provided in this subchapter is in addition to the  
exemptions provided in sections 653 and 654.

A.S.

2       3. Effect on state valuation. The just value of homesteads  
3       exempt under this subchapter must be included in the annual  
4       determination of state valuation under sections 208 and 305.

6       4. Property tax rate. The value of homestead exemptions  
7       under this subchapter must be included in the total municipal  
8       valuation used to determine the municipal tax rate. The  
9       municipal tax rate as finally determined may be applied to only  
10      the taxable portion of each homestead qualified for that tax year.

12      **§684. Forms; application**

14      1. Generally. The bureau shall furnish to the assessor of  
15      each municipality a sufficient number of printed forms to be  
16      filed by applicants for an exemption under this subchapter and  
17      shall determine the content of the forms. A municipality shall  
18      provide to its inhabitants reasonable notice of the availability  
19      of application forms. An individual claiming an exemption under  
20      this subchapter for the first time shall file the application  
21      form with the assessor or the assessor's representative. For an  
22      exemption from taxes based on the status of property on April 1,  
23      1998, the application must be filed by May 15, 1998. For taxes  
24      based on the status of property after April 1, 1998, the  
25      application must be filed by April 1st of the year on which the  
26      taxes are based.

28      2. False filing. An individual who knowingly gives false  
29      information for the purpose of claiming a homestead exemption  
30      under this subchapter commits a Class E crime. An individual who  
31      claims to be a permanent resident of this State under this  
32      subchapter who also claims to be a permanent resident of another  
33      state for the tax year for which an application for a homestead  
34      exemption is made commits a Class E crime.

36      3. Continuation of eligibility. The assessor shall  
37      evaluate annually the ongoing eligibility of property for which a  
38      homestead exemption has been approved under this subchapter. The  
39      evaluation must be based on the status of the property on April  
40      1st of the year on which the homestead exemption is based. The  
41      evaluation must include, but is not limited to, a review of  
42      whether the ownership of the property has changed in any manner  
43      that would disqualify the property for an exemption under this  
44      subchapter or whether the owner has ceased to use the property as  
45      a homestead. If the assessor determines that the property is no  
46      longer entitled to an exemption under this subchapter, the  
47      assessor shall notify the owner as provided in section 686 that  
48      the property is no longer entitled to an exemption under this  
49      subchapter.

A.S.

2 4. Owner notification. An owner of property receiving an  
3 exemption under this subchapter shall notify the assessor  
4 promptly when the ownership or use of the property changes so as  
5 to change the qualification of the property for an exemption  
6 under this subchapter.

8 **§685. Duty of assessor; reimbursement by State**

10 1. Examination and identification. The assessor shall  
11 examine each application for homestead exemption that is timely  
12 filed with the assessor, determine whether the property is  
13 entitled to an exemption under this subchapter and identify the  
14 exemption in the municipal valuation.

16 2. Entitlement to reimbursement by the State; calculation.  
17 A municipality that has approved homestead exemptions under this  
18 subchapter may recover from the State 100% of the taxes lost by  
19 reason of the exemptions upon proof in a form satisfactory to the  
20 bureau. The bureau shall reimburse the Unorganized Territory  
21 Education and Services Fund for 100% of taxes lost by reason of  
22 the exemption.

24 3. Information provided to State; deviations in assessment  
25 ratio. The assessor shall provide by June 1st, annually, any  
26 relevant information requested by the bureau for the purpose of  
27 determining the actual assessment ratio for developed parcels in  
28 use in a municipality. The certified ratio declared by the  
29 municipality must be considered accurate by the bureau if it is  
30 within 10% of the assessment ratio last determined by the bureau  
31 in its annual report of ratio studies involving developed parcels  
32 of property. The assessor may submit additional information on  
33 the relevant assessment ratio to the bureau in order to prove  
34 that a different ratio should apply. The bureau may accept a  
35 certified ratio that deviates more than 10% from the last  
36 reported developed parcel ratio only if the information submitted  
37 by the municipality clearly indicates that the certified ratio is  
38 more accurate than the assessment ratio contained in the bureau's  
39 most recent annual report.

40 4. Estimated and final payments by the State.  
41 Reimbursement to municipalities must be made in the following  
42 manner.

44 A. The bureau shall estimate the amount of reimbursement  
45 required under this section for each municipality and  
46 certify 80% of the estimated amount to the Treasurer of  
47 State by August 1st, annually. The Treasurer of State shall  
48 pay by August 15th, annually, the amount certified to each  
49 municipality entitled to reimbursement.

50

R.S.

2        B. A municipality claiming reimbursement under this section  
3        shall submit a claim to the bureau by November 1st of the  
4        year in which the exemption applies or within 30 days of  
5        commitment of taxes, whichever occurs later. The bureau  
6        shall review the claims and determine the total amount to be  
7        paid. The bureau shall certify and the Treasurer of State  
8        shall pay by December 15th of the year in which the  
9        exemption applies the difference between the estimated  
10       payment issued and the amount that the bureau finally  
11       determines for that tax year. Municipal claims that are  
12       timely filed after November 1st must be paid as soon as  
13       reasonably possible after the December 15th payment date. If  
14       the total amount of reimbursement to which a municipality is  
15       entitled is less than the amount received under paragraph A,  
16       the municipality shall repay the excess to the State by  
17       December 30th of the year, or the amount may be offset  
18       against the amount of state-municipal revenue sharing due  
19       the municipality under Title 30-A, section 5681.

20       5. Reimbursement for state mandated costs. The bureau  
21       shall reimburse municipalities and the Unorganized Territory  
22       Education and Services Fund for state mandated costs in the  
23       manner provided in Title 30-A, section 5685.

24       **§686. Denial of homestead exemption; appeals**

25       If the assessor determines that a property is not entitled  
26       to a homestead exemption under this subchapter, the assessor  
27       shall promptly provide a notice of denial, including the reasons  
28       for the denial, to the applicant by either personal delivery or  
29       regular mail. An applicant may appeal a denial of an exemption  
30       under this subchapter using the procedures provided in subchapter  
31       VIII. If the assessor determines that a property receiving an  
32       exemption under this subchapter any year within the 10 preceding  
33       years was not eligible for the exemption, the assessor shall  
34       immediately notify the bureau in writing.

35       **§687. Supplemental assessment**

36       If the assessor notifies the bureau under section 686, or  
37       the bureau otherwise determines that a property improperly  
38       received an exemption under this subchapter for any of the 10  
39       years immediately preceding the determination, the assessor shall  
40       supplementally assess the property for which the exemption was  
41       improperly received, plus costs and interest. The supplemental  
42       assessment must be assessed and collected pursuant to section  
43       713-B. The bureau shall deduct the value of the portion of the  
44       supplemental assessment that pertains to any funds previously  
45       reimbursed to the municipality under section 685 from the next  
46       reimbursement issued to the municipality.

L.S.

2 **§688. Effect of determination of residence**

4 A determination of permanent residence made for purposes of  
6 this subchapter is not binding on the bureau with respect to the  
8 administration of Part 8 and has no effect on determination of  
domicile for purposes of the Maine individual income tax.

10 **§689. Audits; determinations of bureau**

12 The bureau has the authority to audit the records of a  
14 municipality to ensure compliance with this subchapter. The  
16 bureau may independently review the records of a municipality to  
18 determine if homestead exemptions have been properly approved.  
20 If the bureau determines that a homestead exemption was  
improperly approved, the bureau shall ensure, either by setoff  
against other payments due the municipality or otherwise, that  
the municipality is not reimbursed for the exemption. A  
municipality that is aggrieved by a determination of the bureau  
under this subchapter may appeal pursuant to section 151.

22 **Sec. EEE-4. 36 MRSA §5126, first ¶**, as amended by PL 1997, c.  
24 24, Pt. E, §2, is further amended to read:

26 A For income tax years beginning on or after January 1, 1998  
28 but before January 1, 1999, a resident individual is allowed  
30 \$2,100 \$2,400 for each exemption to which the individual is  
32 entitled for the taxable year for federal income tax purposes,  
34 unless the taxpayer is claimed as a dependent on another return.  
36 For income tax years beginning on or after January 1, 1999, a  
resident individual is allowed \$2,750 for each exemption to which  
the individual is entitled for the taxable year for federal  
income tax purposes, unless the taxpayer is claimed as a  
dependent on another return. An additional exemption may be is  
not allowed for taxpayers over 65 years of age or blind. The  
nominal-dollar-amount-of-this-section-is-subject-to-adjustment  
pursuant-to-Title-5,-section-1518.

38 **Sec. EEE-5. 36 MRSA §5126, 2nd ¶**, as enacted by PL 1997, c.  
40 24, Pt. E, §2, is amended to read:

42 For tax years beginning on or after January 1, 1999 2000,  
44 the nominal dollar amount of this section is also subject to  
46 annual adjustment by multiplying it by the percentage adjustment  
48 factor defined in section 5402, subsection 2 and rounded down to  
the nearest \$50. If any adjustment is made pursuant to this  
paragraph, it is effective for the current taxable year and is  
incorporated into the income tax forms and instructions of the  
State Tax Assessor for that taxable year.

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

4           **11-A. Rent constituting property taxes accrued for**  
5 **nonelderly household.** "Rent constituting property taxes accrued  
6 for nonelderly household" means 15% 18% of the gross rent  
7 actually paid in cash or its equivalent in any tax year by a  
8 claimant and the claimant's household solely for the right of  
9 occupancy of their Maine homestead in the tax year and which rent  
10 constitutes the basis, in the succeeding calendar year, of a  
11 claim for relief under this chapter by the claimant.

12           **Sec. EEE-7. Appropriation.** The following funds are  
13 appropriated from the General Fund to carry out the purposes of  
14 this Act.

15  
16  
17  
18 **1998-99**

19 **Administrative and Financial Services,**  
20 **Department of**

21 **Bureau of Revenue Services**

22		
23	Positions - Legislative Count	(3,000)
24	Personal Services	\$88,979
25	All Other	60,000
26		
27		
28	TOTAL	<hr/>
29		\$148,979

30 Provides funds for a Revenue  
31 Agent position and 2 Property  
32 Tax Appraiser I positions and  
33 related administrative  
34 expenses to implement the  
35 Maine Resident Homestead  
36 Property Tax Exemption  
37 program.

38  
39  
40 **Homestead Property Tax Exemption**  
41 **Reimbursement**

42  
43  
44 All Other \$46,138,220

45 Provides funds for 100% of  
46 the estimated amount of  
47 property tax exempted under  
48 the Maine Resident Homestead

HOUSE AMENDMENT "6" to COMMITTEE AMENDMENT "A" to H.P. 1397,  
L.D. 1950

2 Property Tax Exemption  
program.

4  
6 **Homestead Property Tax Exemption -  
Mandate Reimbursement**

8 All Other \$715,000

10 Provides funds to reimburse  
12 municipalities for 90% of the  
14 estimated local costs  
16 incurred to implement the  
Maine Resident Homestead  
Property Tax Exemption  
program.

18

20 **DEPARTMENT OF ADMINISTRATIVE AND  
FINANCIAL SERVICES**  
22 **TOTAL**

\$47,002,199

24 **Sec. EEE-8. Transfer of funds.** Notwithstanding the Maine  
26 Revised Statutes, Title 5, section 1585, or any other provision  
of law, the State Controller is authorized to transfer  
\$47,051,828 from the Tax Relief Fund for Maine Residents to the  
28 General Fund unappropriated surplus in fiscal year 1998-99.

30 **Sec. EEE-9. Transfer of funds.** Notwithstanding the Maine  
32 Revised Statutes, Title 5, section 1585, or any other provision  
of law, the State Controller is authorized to transfer  
\$29,080,192 from the Tobacco Tax Relief Fund to the General Fund  
34 unappropriated surplus in fiscal year 1998-99.

36 **Sec. EEE-10. Retroactivity.** This Act applies retroactively to  
38 April 1, 1998.'

40 Further amend the amendment by relettering or renumbering  
any nonconsecutive Part letter or section number to read  
consecutively.

42

44 **FISCAL NOTE**

46 This amendment will have no net effect on General Fund  
appropriations and revenue and a balanced budget is maintained  
48 for fiscal year 1997-98 and fiscal year 1998-99.

108

HOUSE AMENDMENT "G" to COMMITTEE AMENDMENT "A" to H.P. 1397,  
L.D. 1950

**SUMMARY**

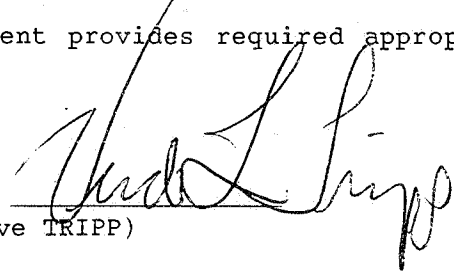
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This amendment provides that the personal exemption amount for Maine's individual income tax is increased to \$2,400 for tax years beginning in 1998 and \$2,750 for tax years beginning on or after January 1, 1999.

The amendment provides an equalized homestead property tax exemption of \$7,000 for Maine residents. The homestead property tax exemption is administered on the local level with the State reimbursing municipalities for 100% of the taxes lost and 90% of the local administrative costs. Municipal property tax bills must identify the exemption and the amount of property tax reduction.

The amendment increases benefits for renters under the Maine Residents Property Tax Program by increasing the percentage of rent constituting property taxes accrued for a nonelderly household from 15% to 18% of rent paid.

The amendment provides required appropriations and a fiscal note.

SPONSORED BY:   
(Representative TRIPP)

TOWN: Topsham

**HOUSE AMENDMENT**