

# MAINE STATE LEGISLATURE

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# 121st MAINE LEGISLATURE

## FIRST REGULAR SESSION-2003

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Legislative Document

No. 1235

H.P. 909

House of Representatives, March 6, 2003

### **An Act To Provide Property Tax Relief to Maine Resident Homeowners**

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative WOODBURY of Yarmouth.

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

4 **Sec. 1. 36 MRSA §459** is enacted to read:

6 **§459. State property tax**

8 **1. Tax imposed.** A state tax is imposed on the just value  
of all residential real property in this State. Just value and  
ownership of the property must be determined as of the April 1st  
10 preceding the assessment. The rate of tax is:

12 **A. For assessments made in 2004, 4 mills;**

14 **B. For assessments made in 2005, 5 mills;**

16 **C. For assessments made in 2006, 6 mills;**

18 **D. For assessments made in 2007, 7 mills;**

20 **E. For assessments made in 2008, 8 mills;**

22 **F. For assessments made in 2009, 9 mills; and**

24 **G. For assessments made in 2010 and subsequent years, 10  
mills.**

26 **2. Assessment.** The State Tax Assessor shall assess a tax  
28 on the just value of all residential real property in this State.

30 **3. Procedure.** The tax on residential real property must be  
assessed and paid in accordance with this subsection.

32 **A. The State Tax Assessor shall make the assessment by May  
34 30th of each year.**

36 **B. The tax assessment must be paid no later than the August  
15th following the date of assessment.**

38 **4. Exemption.** The estate up to the just value of  
40 \$1,000,000 of the homestead of a permanent resident of this State  
who has owned a homestead in this State for the preceding 12  
42 months is exempt from taxation under this section. In  
determining the local assessed value of the exemption, the State  
44 Tax Assessor shall multiply the amount of the exemption by the  
ratio of current just value upon which the assessment is based as  
46 furnished in the municipal assessor's annual return pursuant to  
section 383. If the title to a homestead is held by the  
48 applicant jointly or in common with others, the exemption may not  
exceed \$1,000,000 of the just value of the homestead, but may be  
50 apportioned among the owners who reside on the property to the

2 extent of their respective interests. The State Tax Assessor has  
3 no obligation to create separate accounts for each partial  
4 interest in a homestead owned jointly or in common. A person may  
5 not have more than one homestead. For purposes of this  
6 subsection, the terms "homestead" and "permanent resident" have  
7 the same meaning as in section 681.

8 5. Collection. Taxes assessed by the State Tax Assessor  
9 must be enforced as generally provided by this Title.

10 6. Penalty. Underpayment of the tax imposed by this  
11 section and underpayment of the prepayment of estimated tax  
12 required by this section are subject to the penalties imposed by  
13 section 187-B.

14 7. Deposit of revenue. Taxes collected pursuant to this  
15 section, including any penalties imposed pursuant to subsection  
16 6, must be deposited by the State Tax Assessor in a dedicated  
17 fund for the purpose of funding the Maine Residents Property Tax  
18 Program.

19 Sec. 2. 36 MRSA §6207, sub-§1. as amended by PL 1997, c. 557,  
20 Pt. A, §3 and affected by Pt. G, §1, is repealed.

21 Sec. 3. 36 MRSA §6207, sub-§1-A is enacted to read:

22 1-A. Benefit calculation. For claimants representing a  
23 nonelderly household, the benefit is calculated as follows.

24 A. For a claimant with no dependents and income no more  
25 than \$29,100 and for claimants who are couples or  
26 individuals with dependents and incomes no more than  
27 \$45,100, the benefit is the amount equal to:

28 (1) Fifty percent of that portion of the benefit base  
29 that exceeds 4% but does not exceed 6% of income;

30 (2) Seventy-five percent of that portion of the  
31 benefit base that exceeds 6% but does not exceed 8% of  
32 income; and

33 (3) One hundred percent of that portion of the benefit  
34 base that exceeds 8% of income.

35 B. For a claimant with no dependents and income more than  
36 \$29,100 but no more than \$39,100 and for claimants who are  
37 couples or individuals with dependents and incomes more than  
38 \$45,100 but no more than \$60,100, the benefit is the amount  
39 equal to:

2                   (1) Twenty-five percent of that portion of the benefit  
                  base that exceeds 4% but does not exceed 6% of income;

4                   (2) Fifty percent of that portion of the benefit base  
                  that exceeds 6% but does not exceed 8% of income;

6                   (3) Seventy-five percent of that portion of the  
8                   benefit base that exceeds 8% but does not exceed 10% of  
10                  income; and

12                  (4) One hundred percent of that portion of the benefit  
                  base that exceeds 10% of income.

14                  C. For a claimant with no dependents and income more than  
16                  \$39,100 but no more than \$49,100 and for claimants who are  
                  couples or individuals with dependents and incomes more than  
18                  \$60,100 but no more than \$75,100, the benefit is the amount  
                  equal to:

20                   (1) Twenty-five percent of that portion of the benefit  
                  base that exceeds 6% but does not exceed 8% of income;

22                   (2) Fifty percent of that portion of the benefit base  
24                   that exceeds 8% but does not exceed 10% of income; and

26                   (3) Seventy-five percent of that portion of the  
                  benefit base that exceeds 10% of income.

28                  D. For a claimant with no dependents and income more than  
30                  \$49,100 but no more than \$59,100 and for claimants who are  
                  couples or individuals with dependents and incomes more than  
32                  \$75,100 but no more than \$90,100, the benefit is the amount  
                  equal to:

34                   (1) Twenty-five percent of that portion of the benefit  
36                   base that exceeds 8% but does not exceed 10% of income;  
                  and

38                   (2) Fifty percent of that portion of the benefit base  
40                   that exceeds 10% of income.

42                  **Sec. 4. 36 MRSA §6207, sub-§2**, as amended by PL 1997, c. 557,  
Pt. A, §3 and affected by Pt. G, §1, is further amended to read:

44                   **2. Income eligibility.** Single-member households with  
46 household incomes in excess of ~~\$25,700~~ \$59,100 and households

with 2 or more members with a household income in excess of \$40,000 \$90,100 are not eligible for a benefit.

**Sec. 5. 36 MRSA §6207, sub-§5** is enacted to read:

5. Maximum benefit. Notwithstanding any provision of this chapter to the contrary, the maximum benefit available under this program is:

A. Until January 1, 2004, \$1,000;

B. Beginning January 1, 2004 until December 31, 2004, \$1,500;

C. Beginning January 1, 2005 until December 31, 2005, \$1,750;

D. Beginning January 1, 2006 until December 31, 2006, \$2,000;

E. Beginning January 1, 2007 until December 31, 2007, \$2,250;

F. Beginning January 1, 2008 until December 31, 2008, \$2,500;

G. Beginning January 1, 2009 until December 31, 2009, \$2,750; and

H. Beginning January 1, 2010 and thereafter, \$3,000.

## SUMMARY

The purpose of this bill is to provide property tax relief to Maine resident homeowners. This would be accomplished through 3 methods, as follows.

1. Expanded circuit breaker eligibility. This bill expands the income eligibility for participation in the Maine Residents Property Tax Program, more commonly known as the "circuit breaker program." A single-member household with household income less than \$59,100 and households with 2 or more members with a household income less than \$90,100 are eligible for a benefit.

2. Increased amount of benefit. The maximum benefit under the circuit breaker program is increased from the present maximum of \$1,000 to \$1,500 beginning in 2004, and increasing \$250 each year until 2010, when the maximum benefit is set at \$3,000.

2           3.   Statewide real property tax.   To fund the increased  
3   eligibility and benefits under the circuit breaker program, this  
4   bill imposes a statewide tax on real property.   The State Tax  
5   Assessor would administer the tax.   The rate is set at 4 mills of  
6   the just value beginning in 2004 and increases by one mill each  
7   year until the mill rate is set at 10 mills beginning in 2010.  
8   The first \$1,000,000 of just value of a home owned by a resident  
9   is exempt from the property tax, similar to the current exemption  
10   under the Maine resident homestead property tax exemption program.