

MAINE STATE LEGISLATURE

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M. of S.

L.D. 1824

DATE: 4-30-04

(Filing No. S-602)

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STATE OF MAINE
SENATE
121ST LEGISLATURE
SECOND SPECIAL SESSION

SENATE AMENDMENT "A" to H.P. 1347, L.D. 1824, Bill, "An Act To Provide Property Tax Relief to Maine Homeowners"

Amend the bill by striking out everything after the title and before the summary and inserting in its place the following:

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

Sec. 1. 36 MRSA c. 907, as amended, is further amended by repealing the chapter headnote and enacting in its place the following:

CHAPTER 907

HOMESTEAD TAX CAP PROGRAM

Sec. 2. 36 MRSA §6201-A, as enacted by PL 1989, c. 534, Pt. A, §4, is amended to read:

§6201-A. Short title

This chapter shall be is known and may be cited as the "Maine-Residents-Property-Tax Homestead Tax Cap Program."

Sec. 3. 36 MRSA §6203-A, as enacted by PL 2003, c. 673, Pt. BB, §2, is amended to read:

§6203-A. Procedure for reimbursement

At least monthly on or before the last day of the month, the State Tax Assessor shall determine the benefit for each claimant under this chapter and certify the amount to the State Controller to be transferred to the so-called circuit breaker reserve

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2 established, maintained and administered by the State Controller
3 from the General Fund undedicated revenue within the individual
4 income tax category. ~~At least monthly, payments of claims must be
made as provided in section 6203.~~

6 **Sec. 4. 36 MRSA §6207**, as amended by PL 1999, c. 494, §1, is
7 further amended to read:

8
9 **§6207. Calculation of benefits for nonelderly households**

10 A claimant representing a nonelderly household qualifies for
11 the following benefits ~~subject to the following income~~
12 ~~limitations.~~

13 **1. Benefit calculation.** For claimants representing a
14 nonelderly household, the benefit is calculated as follows:

15 A-1. Fifty percent of that portion of the benefit base that
16 exceeds 4% but does not exceed 8% of income plus 100% of
17 that portion of the benefit base that exceeds 8% of income
18 to a maximum payment of \$1,000 \$3,000.

19 ~~**2. Income eligibility.** Single member households with
20 household incomes in excess of \$25,700 and households with 2 or
21 more members with a household income in excess of \$40,000 are not
22 eligible for a benefit.~~

23 **3. Subsidized housing; special needs payment.** A claim may
24 not be granted under this section to claimants:

25 A. Whose housing costs for the year for which relief is
26 requested were subsidized by government programs that limit
27 housing costs to a percentage of household income, except
28 that the exclusion provided by this paragraph does not apply
29 to persons receiving social security disability or
30 supplemental security income disability benefits.

31 **4. Minimum benefit.** A claim of less than \$10 may not be
32 granted.

33 **Sec. 5. 36 MRSA §6209, sub-§1**, as amended by PL 1989, c. 508,
34 §25, is further amended to read:

35 **§6209. Annual adjustment**

36 **1. Household income adjustment; elderly households.**
37 Beginning March 1, 1989, and annually thereafter, the State Tax
38 Assessor shall determine the household income eligibility
39 adjustment factor. That factor shall ~~be~~ is multiplied by the
40 income limitations in section 6206, applicable for the year prior

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2 to that for which relief is requested. The result shall be is
rounded to the nearest \$100 and shall apply applies to the year
4 for which relief is requested corresponding to the year on which
the annualized cost of living adjustments were based. Beginning
6 March 1, 1991, the same procedure shall be employed to adjust the
income limitation in section 6207, subsection 2.

8 Sec. 6. 36 MRSA §6210, as amended by PL 1997, c. 557, Pt. A,
§4 and affected by Pt. G, §1, is further amended to read:

10 §6210. Administration

12 The State Tax Assessor shall make available suitable forms
14 with instructions for claimants. The claim shall must be in the
form the State Tax Assessor may prescribe prescribes and shall
16 must be signed by the claimant.

18 The State Tax Assessor shall include a checkoff to request
an application for the Maine Residents Property Tax Homestead Tax
20 Cap Program on the individual income tax form. The assessor
shall also provide for the option of filing an application for
22 the Maine Residents Property Tax Homestead Tax Cap Program using
the telefile system established by the assessor.

24 Sec. 7. 36 MRSA §6218, as enacted by PL 1989, c. 534, Pt. A,
26 §10, is amended to read:

28 §6218. Readability; application; instructions

30 The application form and instructions used by applicants for
assistance under the Maine Residents Property Tax Homestead Tax
32 Cap Program and its successor, if any, shall must have a
readability score, as determined by a recognized instrument for
34 measuring adult literacy levels, equivalent to no higher than a
6th grade reading level.

36 Sec. 8. 36 MRSA §6219, as amended by PL 1997, c. 526, §14, is
38 further amended to read:

40 §6219. Outreach plan required

42 The Bureau of Revenue Services shall develop and implement a
plan of outreach to ensure that all eligible households are made
44 aware of assistance available under the Maine Residents Property
Tax Homestead Tax Cap Program and its successor, if any.

46 Sec. 9. 36 MRSA §6220, as amended by PL 1997, c. 668, §40, is
48 further amended to read:

50 §6220. Coordination required

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2 The bureau shall seek the advice and cooperation of the
Bureau of Elder and Adult Services; the Bureau of Family
4 Independence; the Bureau of Child and Family Services; advocates
for elderly and low-income individuals; and other interested
6 agencies and organizations in developing the application form and
instruction booklet for the ~~Maine--Residents--Property--Tax~~
8 Homestead Tax Cap Program and the outreach plan required by
section 6219.

10 **Sec. 10. Revision of account.** The Department of Administrative
12 and Financial Services is directed to change references to
accounts named "Maine Residents Property Tax Program" to
14 "Homestead Tax Cap Program."

16 **Sec. 11. Application.** This Act applies to applications for
benefits on or after August 1, 2005.

18 **Sec. 12. Exception to limitations on transfers.** Notwithstanding
20 the limitations on the amounts transferred to the circuit breaker
reserve, established in the Maine Revised Statutes, Title 36,
22 section 6203-A and Public Law 2003, chapter 673, Part BB, the
State Tax Assessor may certify amounts above any limitation to
24 provide the necessary transfers to fund the additional benefits
authorized by this Act.

26 **Sec. 13. Statutory referendum procedure; submission at general**
28 **election; form of question; effective date.** This Act takes effect when
approved only for the purpose of permitting its submission to the
30 legal voters of the State at the next general election in the
month of November following passage of this Act. The municipal
32 officers of this State shall notify the inhabitants of their
respective cities, towns and plantations to meet, in the manner
34 prescribed by law for holding a statewide election, to vote on
the acceptance or rejection of this Act by voting on the
36 following question:

38 "Do you want to limit property taxes to no more than 6% of
income for almost all Maine residents?"

40 The legal voters of each city, town and plantation shall
42 vote by ballot on this question and designate their choice by a
cross or check mark placed within a corresponding square below
44 the word "Yes" or "No." The ballots must be received, sorted,
counted and declared in open ward, town and plantation meetings
46 and returns made to the Secretary of State in the same manner as
votes for members of the Legislature. The Governor shall review
48 the returns and, if it appears that a majority of the legal votes
are cast in favor of the Act, the Governor shall proclaim that

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fact without delay, and the Act takes effect 30 days after the date of the proclamation.

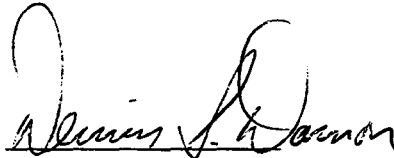
The Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this Act necessary to carry out the purposes of this referendum.'

SUMMARY

This amendment replaces the bill.

This amendment will submit to the voters at referendum a tax reform proposal that transforms the Maine Residents Property Tax Program into a true homestead property tax cap program that will provide a benefit to all Maine residents whose property taxes exceed 4% of their income. Income eligibility requirements are eliminated. The effect of these changes is to establish a cap on property taxes exceeding 6% of income for nearly all Maine residents. The maximum rebate is \$3,000.

SPONSORED BY:



(Senator DAMON)

COUNTY: Hancock

FISCAL NOTE REQUIRED
(See Attached)

SENATE AMENDMENT

121st Maine Legislature
Office of Fiscal and Program Review



LD 1824

An Act To Provide Property Tax Relief to Maine Homeowners

LR 2194(16)

Fiscal Note for Senate Amendment *A*

Sponsor: Sen. Damon

Fiscal Note Required: Yes

Fiscal Note

Current biennium cost increase - General Fund

Potential future biennium cost increase - General Fund

Referendum Costs

Month/Year	Election Type	Question	Length
Nov-04	General	Referendum	Standard

The Secretary of State's budget includes sufficient funds to accommodate one ballot of average length for the general election in November. If the number or size of the referendum questions increases the ballot length, an additional appropriation of \$8,000 or more may be required.

If approved by the voters in November 2004, this bill would implement a Homestead Tax Cap Program. The estimated annual reduction of General Fund revenue as a result of this program would be approximately \$45,000,000 beginning in fiscal year 2005-06. The annual administrative costs would be approximately \$150,000.