

MAINE STATE LEGISLATURE

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124th MAINE LEGISLATURE

FIRST REGULAR SESSION-2009

Legislative Document

No. 885

S.P. 333

In Senate, March 5, 2009

**An Act To Provide a Tax Deduction for Landlords Who Complete
Energy Audits on Rental Units**

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator ALFOND of Cumberland.
Cosponsored by Representative TRINWARD of Waterville and
Senators: JACKSON of Aroostook, PERRY of Penobscot, RECTOR of Knox, SCHNEIDER
of Penobscot, Representatives: CAREY of Lewiston, FLETCHER of Winslow, GILES of
Belfast, TREAT of Hallowell.

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

2 Sec. 1. 35-A MRSA §10006, sub-§3 is enacted to read:

3 3. Tax deduction for compliance. To qualify for a tax deduction under Title 36,
4 section 5122, subsection 2, paragraph CC or section 5200-A, subsection 2, paragraph T, a
5 landlord or other lessor of residential property must demonstrate to the satisfaction of the
6 commission that an energy audit, as defined by the commission by rule, has been
7 completed.

8 Sec. 2. 36 MRSA §5122, sub-§2, ¶AA, as corrected by RR 2007, c. 2, §23, is
9 amended to read:

10 AA. For taxable years beginning on or after January 1, 2009, an amount equal to the
11 net decrease in the depreciation deductions allowable under sections 167 and 168 of
12 the Code that would have been applicable to that property had the 50% bonus
13 depreciation deduction under Section 103 of the Economic Stimulus Act of 2008,
14 Public Law 110-185 not been claimed with respect to such property for which an
15 addition was required under subsection 1, paragraph AA in a prior year.

16 Upon the taxable disposition of property to which this paragraph applies, the amount
17 of any gain or loss includable in federal adjusted gross income must be adjusted for
18 Maine income tax purposes by an amount equal to the difference between the
19 addition modification for such property under subsection 1, paragraph AA and the
20 subtraction modifications allowed pursuant to this paragraph.

21 The total amount of subtraction claimed for property under this paragraph for all tax
22 years may not exceed the addition modification under subsection 1, paragraph AA for
23 the same property; and

24 Sec. 3. 36 MRSA §5122, sub-§2, ¶BB, as reallocated by RR 2007, c. 2, §24, is
25 amended to read:

26 BB. The amount of pension benefits to the extent included in federal adjusted gross
27 income under a military retirement plan as defined in paragraph M that exceed the
28 amount of military retirement plan pension benefits deducted under paragraph M and
29 that are received by a person who practices as a licensed dentist in this State for an
30 average of at least 20 hours per week during the tax year and who accepts patients
31 who receive benefits under the MaineCare program administered under Title 22,
32 chapter 855-; and

33 Sec. 4. 36 MRSA §5122, sub-§2, ¶CC is enacted to read:

34 CC. For taxable years beginning on or after January 1, 2009, an amount equal to the
35 cost of the energy audit pursuant to Title 35-A, section 10006, subsection 3, or \$750,
36 whichever is less.

37 (1) For a building with:

38 (a) One to 4 units, one tax deduction for that building;

39 (b) Five to 25 units, 3 tax deductions for that building; and

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(c) Twenty-six or more units, 5 tax deductions for that building.

Sec. 5. 36 MRSA §5200-A, sub-§2, ¶R, as amended by PL 2007, c. 700, Pt. B, §5, is further amended to read:

R. For taxable years beginning on or after January 1, 2009, an amount equal to the net decrease in the depreciation deductions allowable under sections 167 and 168 of the Code that would have been applicable to that property had the 50% bonus depreciation deduction under Section 103 of the Economic Stimulus Act of 2008, Public Law 110-185 not been claimed with respect to such property for which an addition was required under subsection 1, paragraph T in a prior year.

Upon the taxable disposition of property to which this paragraph applies, the amount of any gain or loss includable in federal adjusted gross income must be adjusted for Maine income tax purposes by an amount equal to the difference between the addition modification for such property under subsection 1, paragraph T and the subtraction modifications allowed pursuant to this paragraph.

The total amount of subtraction claimed for property under this paragraph for all tax years may not exceed the addition modification under subsection 1, paragraph T for the same property; and

Sec. 6. 36 MRSA §5200-A, sub-§2, ¶S, as enacted by PL 2007, c. 700, Pt. B, §6, is amended to read:

S. An amount equal to the value of any prior year addition modification under subsection 1, paragraph U, but only to the extent that:

- (1) Maine taxable income is not reduced below zero;
- (2) The taxable year is within the allowable federal period for carryover of the net operating loss plus one year; and
- (3) The amount has not been previously used as a modification pursuant to this subsection; and

Sec. 7. 36 MRSA §5200-A, sub-§2, ¶T is enacted to read:

T. For taxable years beginning on or after January 1, 2009, an amount equal to the cost of the energy audit pursuant to Title 35-A, section 10006, subsection 3, or \$750, whichever is less.

(1) For a building with:

- (a) One to 4 units, one tax deduction for that building;
- (b) Five to 25 units, 3 tax deductions for that building; and
- (c) Twenty-six or more units, 5 tax deductions for that building.

SUMMARY

This bill provides an income tax deduction to a landlord or other lessor of residential property who has demonstrated to the satisfaction of the Public Utilities Commission that

1 an energy audit on that landlord's or lessor's property has been completed. Each
2 deduction is capped at the cost of the audit, or \$750, whichever is less. For a building
3 with one to 4 units, a maximum of one audit may be deducted for that building. For a
4 building with 5 to 25 units, a maximum of 3 audits may be deducted for that building.
5 For a building with 26 or more units, a maximum of 5 audits may be deducted for that
6 building.