

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)

DMG  
RCS

# MAJORITY

L.D. 76

Date: 6/5/15

(Filing No. S-202)

## TAXATION

Reproduced and distributed under the direction of the Secretary of the Senate.

### STATE OF MAINE

#### SENATE

#### 127TH LEGISLATURE

#### FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 24, L.D. 76, Bill, "An Act To Amend the Property Tax Fairness Credit"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

**'Sec. 1. 36 MRSA §5219-KK, sub-§1, ¶E**, as enacted by PL 2013, c. 551, §3, is amended to read:

E. "Rent constituting property taxes" means ~~15%~~ 20% of the gross rent actually paid in cash or its equivalent during the tax year solely for the right of occupancy of a homestead in the State. For the purposes of this paragraph, "gross rent" means rent paid at arm's length solely for the right of occupancy of a homestead, exclusive of charges for any utilities, services, furniture, furnishings or personal property appliances furnished by the landlord as part of the rental agreement, whether or not expressly set out in the rental agreement. If the landlord and tenant have not dealt with each other at arm's length, and the assessor is satisfied that the gross rent charged was excessive, the assessor may adjust the gross rent to a reasonable amount for purposes of this section.

**Sec. 2. 36 MRSA §5219-KK, sub-§2**, as enacted by PL 2013, c. 551, §3, is amended to read:

**2. Credit.** A resident individual is allowed a credit against the taxes imposed under this Part in an amount equal to 50% of the amount by which the benefit base for the resident individual exceeds ~~6%~~ 5% of the resident individual's income. The credit may not exceed \$600 for resident individuals under 65 years of age as of the last day of the taxable year or \$900 for resident individuals 65 years of age and older as of the last day of the taxable year. In the case of married individuals filing a joint return, only one spouse is required to be 65 years of age or older to qualify for the \$900 credit limitation. In the case of resident married individuals filing separate returns, each of whom claims the credit on the same homestead, the credit for each spouse may not exceed \$300 if, for the taxable year, neither spouse was a resident individual 65 years of age or older or \$450 if, for the taxable year, at least one spouse was 65 years of age or older.'

# COMMITTEE AMENDMENT

ROFS

COMMITTEE AMENDMENT "A" to S.P. 24, L.D. 76

1

## SUMMARY

2

3

4

5

This amendment replaces the bill and amends the property tax fairness credit by increasing the percentage of rent constituting property taxes from 15% to 20% and lowering the property tax as a percentage of the income threshold above which a credit may be available from 6% of income to 5% of income.

**FISCAL NOTE REQUIRED**  
(See attached)

**127th MAINE LEGISLATURE****LD 76****LR 407(02)****An Act To Amend the Property Tax Fairness Credit****Fiscal Note for Bill as Amended by Committee Amendment 'A' (S-202)****Committee: Taxation****Fiscal Note Required: Yes**

---

---

**Fiscal Note**

	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Projections FY 2017-18</b>	<b>Projections FY 2018-19</b>
<b>Net Cost (Savings)</b>				
General Fund	\$10,640,000	\$11,305,000	\$11,875,000	\$11,875,000
<b>Revenue</b>				
General Fund	(\$10,640,000)	(\$11,305,000)	(\$11,875,000)	(\$11,875,000)
Other Special Revenue Funds	(\$560,000)	(\$595,000)	(\$625,000)	(\$625,000)

**Fiscal Detail and Notes**

This bill makes changes to the property tax fairness credit resulting in a reduction in General Fund revenue of \$10,640,000 in fiscal year 2015-16 and \$11,305,000 in 2016-17 and a reduction in Local Government Fund revenue of \$560,000 in fiscal year 2015-16 and \$595,000 in 2016-17. This analysis assumes the changes are effective for tax years beginning on or after 1-1-15.