

MAINE STATE LEGISLATURE

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127th MAINE LEGISLATURE

FIRST REGULAR SESSION-2015

Legislative Document

No. 1095

H.P. 756

House of Representatives, March 25, 2015

**An Act To Enhance the Property Tax Fairness Credit for Maine's
Low-income Seniors and Other Low-income Residents**

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Speaker EVES of North Berwick.
Cosponsored by Senator BREEN of Cumberland and
Representatives: FOWLE of Vassalboro, McELWEE of Caribou, McLEAN of Gorham,
Senators: BURNS of Washington, HASKELL of Cumberland, SAVIELLO of Franklin.

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

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

4 A. "Benefit base" means, for property tax years beginning before January 1, 2015,
5 property taxes paid by a resident individual during the tax year on the resident
6 individual's homestead in this State or rent constituting property taxes paid by the
7 resident individual during the tax year on a homestead in the State not exceeding the
8 following amounts:

- 9 (1) For persons filing as single individuals, \$2,000;
- 10 (2) For persons filing joint returns or as heads of households that claim no more
11 than 2 personal exemptions, \$2,600;
- 12 (3) For persons filing joint returns or as heads of households that claim 3 or more
13 personal exemptions, \$3,200; and
- 14 (4) For married individuals filing separate returns, 1/2 of the amount under
15 subparagraph (2) or (3), whichever would apply if the individual had filed a joint
16 return for the taxable year with the individual's spouse.

17 **Sec. 2. 36 MRSA §5219-KK, sub-§1, ¶A-1** is enacted to read:

18 A-1. "Benefit base" means, for property tax years beginning on or after January 1,
19 2015, property taxes paid by a resident individual during the tax year on the resident
20 individual's homestead in this State or rent constituting property taxes paid by the
21 resident individual during the tax year on a homestead in the State not exceeding the
22 following amounts:

- 23 (1) For persons filing as single individuals, \$3,000;
- 24 (2) For persons filing joint returns or as heads of households that claim no more
25 than 2 personal exemptions, \$4,000;
- 26 (3) For persons filing joint returns or as heads of households that claim 3 or more
27 personal exemptions, \$5,000; and
- 28 (4) For married individuals filing separate returns, 1/2 of the amount under
29 subparagraph (2) or (3), whichever would apply if the individual had filed a joint
30 return for the taxable year with the individual's spouse.

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

33 E. "Rent constituting property taxes" means, for property tax years beginning before
34 January 1, 2015, 15% of the gross rent actually paid in cash or its equivalent during
35 the tax year solely for the right of occupancy of a homestead in the State. "Rent
36 constituting property taxes" means, for property tax years beginning on or after
37 January 1, 2015, 18% of the gross rent actually paid in cash or its equivalent during
38 the tax year solely for the right of occupancy of a homestead in the State. For the
39 purposes of this paragraph, "gross rent" means rent paid at arm's length solely for the

1 right of occupancy of a homestead, exclusive of charges for any utilities, services,
2 furniture, furnishings or personal property appliances furnished by the landlord as
3 part of the rental agreement, whether or not expressly set out in the rental agreement.
4 If the landlord and tenant have not dealt with each other at arm's length, and the
5 assessor is satisfied that the gross rent charged was excessive, the assessor may adjust
6 the gross rent to a reasonable amount for purposes of this section.

7 **Sec. 4. 36 MRSA §5219-KK, sub-§2**, as enacted by PL 2013, c. 551, §3, is
8 amended to read:

9 **2. Credit.** A For property tax years beginning before January 1, 2015, a resident
10 individual is allowed a credit against the taxes imposed under this Part in an amount
11 equal to 50% of the amount by which the benefit base for the resident individual exceeds
12 6% of the resident individual's income. The credit may not exceed \$600 for resident
13 individuals under 65 years of age as of the last day of the taxable year or \$900 for
14 resident individuals 65 years of age and older as of the last day of the taxable year. In the
15 case of married individuals filing a joint return, only one spouse is required to be 65 years
16 of age or older to qualify for the \$900 credit limitation. In the case of resident married
17 individuals filing separate returns, each of whom claims the credit on the same
18 homestead, the credit for each spouse may not exceed \$300 if, for the taxable year,
19 neither spouse was a resident individual 65 years of age or older or \$450 if, for the
20 taxable year, at least one spouse was 65 years of age or older.

21 For property tax years beginning on or after January 1, 2015, a resident individual is
22 allowed a credit against the taxes imposed under this Part in an amount equal to 100% of
23 the amount by which the benefit base for the resident individual exceeds 5% of the
24 resident individual's income. The credit may not exceed \$1,500 for resident individuals
25 under 65 years of age as of the last day of the taxable year or \$2,000 for resident
26 individuals 65 years of age and older as of the last day of the taxable year. In the case of
27 married individuals filing a joint return, only one spouse is required to be 65 years of age
28 or older to qualify for the \$2,000 credit limitation. In the case of resident married
29 individuals filing separate returns, each of whom claims the credit on the same
30 homestead, the credit for each spouse may not exceed \$750 if, for the taxable year,
31 neither spouse was a resident individual 65 years of age or older or \$1,000 if, for the
32 taxable year, at least one spouse was 65 years of age or older.

33 **SUMMARY**

34 This bill amends the property tax fairness credit for property tax years beginning on
35 or after January 1, 2015 in the following ways.

36 1. For purposes of calculating the benefit base upon which the credit is based, it
37 increases the amount of property taxes paid or rent constituting property taxes paid that
38 may be used in calculating the credit.

39 2. It increases the percentage of rent paid that may be considered rent constituting
40 property taxes from 15% of the gross rent actually paid to 18% of the gross rent actually
41 paid.

1 3. It changes the calculation of the tax credit to increase it to 100%, instead of the
2 current 50%, of the amount by which the benefit base exceeds 5%, instead of the current
3 6%, of the resident's income.

4 4. It increases the maximum credit for residents 65 years of age or older to \$2,000
5 from \$900 and for residents under 65 years of age to \$1,500 from \$600.