

# MAINE STATE LEGISLATURE

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Date 6/22/23

MAJORITY

(Filing No S-425)

TAXATION

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STATE OF MAINE

SENATE

131ST LEGISLATURE

FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to S P 69, L D 130, "An Act to Eliminate Senior Citizen Property Tax Stabilization and Expand the Homestead Property Tax Exemption"

Amend the bill by striking out the title and substituting the following

'An Act to Eliminate the Property Tax Stabilization Program and Enhance Benefits Under the Senior Property Tax Deferral Program and the Property Tax Fairness Credit'

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

Sec. 1. 36 MRSA §5219-KK, sub-§1, ¶A-1, as amended by PL 2021, c 483, Pt AA, §1, is further amended by amending subparagraph (2) to read

(2) For persons filing as heads of households that can claim the federal child tax credit pursuant to the Code, Section 24 for no more than one qualifying child or dependent or for persons filing joint returns, \$2,650, and

Sec. 2. 36 MRSA §5219-KK, sub-§1, ¶A-1, as amended by PL 2021, c 483, Pt AA, §1, is further amended by amending subparagraph (3) to read

(3) For persons filing as heads of households that can claim the federal child tax credit pursuant to the Code, Section 24 for more than one qualifying child or dependent or for persons filing joint returns that can claim the federal child tax credit pursuant to the Code, Section 24 for at least one qualifying child or dependent, \$3,250, and

Sec. 3. 36 MRSA §5219-KK, sub-§1, ¶A-1, as amended by PL 2021, c 483, Pt AA, §1, is further amended by enacting a new subparagraph (4) to read

(4) For tax years beginning on or after January 1, 2024, notwithstanding subparagraphs (1) and (2), for individuals 65 years of age or older, \$4,000

COMMITTEE AMENDMENT

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1           **Sec. 4. 36 MRS §5219-KK, sub-§2-D**, as amended by PL 2021, c 635, Pt F,  
2 §1, is further amended to read

3           **2-D. Credit in 2022 and after.** For tax years beginning on or after January 1, 2022,  
4 a resident individual is allowed a credit against the taxes imposed under this Part equal to  
5 the amount by which the benefit base for the resident individual exceeds 4% of the resident  
6 individual's income. The credit may not exceed \$1,000 for resident individuals under 65  
7 years of age as of the last day of the taxable year or, for tax years beginning before January  
8 1, 2024, \$1,500 for resident individuals 65 years of age and older as of the last day of the  
9 taxable year. For tax years beginning on or after January 1, 2024, for resident individuals  
10 65 years of age and older, the credit may not exceed \$2,000. In the case of married  
11 individuals filing a joint return, only one spouse is required to be 65 years of age or older  
12 to qualify for the \$1,500 or \$2,000 credit limitation. Married taxpayers filing separate  
13 returns do not qualify for the credit under this section.

14           **Sec. 5. 36 MRS §5403, sub-§6**, as amended by PL 2019, c 379, Pt C, §5, is  
15 repealed and the following enacted in its place

16           **6. Property tax fairness credit.** For the property tax fairness credit  
17 A Beginning in 2018 and each year thereafter, by the benefit base amounts in section  
18 5219-KK, subsection 1, paragraph A-1, subparagraphs (1) to (3), except that for the  
19 purposes of this subsection, notwithstanding section 5402, subsection 1-B, the "cost-  
20 of-living adjustment" is the Chained Consumer Price Index for the 12-month period  
21 ending June 30th of the preceding calendar year divided by the Chained Consumer  
22 Price Index for the 12-month period ending June 30, 2017, and

23 B Beginning in 2024 and each year thereafter, by the benefit base amount in section  
24 5219-KK, subsection 1, paragraph A-1, subparagraphs (4), except that for the purposes  
25 of this subsection, notwithstanding section 5402, subsection 1-B, the "cost-of-living  
26 adjustment" is the Chained Consumer Price Index for the 12-month period ending June  
27 30th of the preceding calendar year divided by the Chained Consumer Price Index for  
28 the 12-month period ending June 30, 2023,

29           **Sec. 6. 36 MRS §6251, sub-§1, ¶B**, as amended by PL 2021, c 483, Pt AA, §6,  
30 is further amended to read

31           B The taxpayer has income, as defined in section 5219-KK, subsection 1, paragraph  
32 D, of less than \$40,000 for the calendar year immediately preceding the calendar year  
33 in which the claim is filed and for applications filed after January 1, 2024, income of  
34 less than \$80,000 for the calendar year immediately preceding the calendar year in  
35 which the claim is filed,

36           **Sec. 7. 36 MRS §6251, sub-§1, ¶C**, as enacted by PL 2021, c 483, Pt AA, §6,  
37 is amended to read

38           C The taxpayer, if an individual, has liquid assets of less than \$50,000 or, for  
39 applications filed after January 1, 2024, less than \$100,000 or, in the case of 2 or more  
40 individuals filing a claim jointly, all the individuals together have liquid assets of less  
41 than \$75,000 or, for applications filed after January 1, 2024, less than \$150,000, and

42           **Sec. 8. 36 MRS §6252, sub-§5**, as enacted by PL 2021, c 483, Pt AA, §9, is  
43 amended to read

ROS

1 5. **No municipal lien.** The property does not have an existing municipal lien against  
2 it other than a lien released pursuant to section 6252-A, subsection 5

3 **Sec. 9. 36 MRSA §6252-A** is enacted to read

4 **§6252-A. Deferral of delinquent taxes**

5 Notwithstanding section 6252, subsection 5, a taxpayer who owes delinquent property  
6 taxes and whose property is subject to a municipal lien may qualify for tax deferral of a  
7 homestead under this chapter subject to the following conditions

8 **1. Limit 2 years.** The taxpayer owes no more than 2 years of delinquent property taxes  
9 at the time of application for deferral

10 **2. Added to deferred taxes.** The amount of delinquent property taxes, plus interest  
11 and costs, must be determined as of a predetermined payoff date. This amount must be  
12 added to the amount of tax deferred for the first fiscal year pursuant to section 6251,  
13 subsection 2, paragraph A.

14 **3 State lien.** The amount of the State lien under section 6254 must be increased by  
15 the amount of delinquent property taxes deferred under this section

16 **4. Reimbursed to municipality or unorganized territory.** An amount equal to the  
17 delinquent property taxes, interest and costs must be included in the certification provided  
18 by the State Tax Assessor to the Treasurer of State and reimbursed to the municipality or  
19 to the Unorganized Territory Education and Services Fund by the Treasurer of State  
20 pursuant to section 6257, subsection 1

21 **5. Release of lien.** Upon receipt of full reimbursement for delinquent property taxes,  
22 interest and costs, the municipality, or the State Tax Assessor for the unorganized territory,  
23 shall release the lien attached to the homestead for those delinquent property taxes, interest  
24 and costs

25 **6. Restriction.** A taxpayer who owes delinquent taxes for more than one residential  
26 property within the State is not eligible to claim a deferral

27 **Sec. 10. 36 MRSA §6281,** as enacted by PL 2021, c 751, §1, is amended by  
28 enacting at the end a new paragraph to read

29 This chapter applies only to the property tax year beginning April 1, 2023.

30 **Sec. 11. Appropriations and allocations.** The following appropriations and  
31 allocations are made

32 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

33 **Elderly Tax Deferral Program 0650**

34 Initiative Provides funding to reimburse municipalities for the expansion of the elderly tax  
35 deferral program

36	<b>GENERAL FUND</b>	<b>2023-24</b>	<b>2024-25</b>
37	All Other	\$0	\$1,500,000
38			
39	<b>GENERAL FUND TOTAL</b>	<b>\$0</b>	<b>\$1,500,000</b>

40 **Property Tax Stabilization Z368**

ROS

COMMITTEE AMENDMENT "A" to S P 69, L D 130

1 Initiative Removes funding for reimbursement to municipalities due to elimination of the  
2 property tax stabilization program

3	<b>GENERAL FUND</b>	<b>2023-24</b>	<b>2024-25</b>
4	All Other	\$0	(\$31,000,000)
5			
6	<b>GENERAL FUND TOTAL</b>	<u>\$0</u>	<u>(\$31,000,000)</u>

7 **Property Tax Stabilization Mandate Z369**

8 Initiative Removes funding for mandate cost reimbursement to municipalities due to  
9 elimination of the property tax stabilization program

10	<b>GENERAL FUND</b>	<b>2023-24</b>	<b>2024-25</b>
11	All Other	\$0	(\$550,000)
12			
13	<b>GENERAL FUND TOTAL</b>	<u>\$0</u>	<u>(\$550,000)</u>

14  
15 **ADMINISTRATIVE AND FINANCIAL**  
16 **SERVICES, DEPARTMENT OF**  
17 **DEPARTMENT TOTALS**

18		<b>2023-24</b>	<b>2024-25</b>
19	<b>GENERAL FUND</b>	\$0	(\$30,050,000)
20			
21	<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<u>\$0</u>	<u>(\$30,050,000)</u>

22  
23         Amend the bill by relettering or renumbering any nonconsecutive Part letter or section  
24 number to read consecutively

25 **SUMMARY**

26         This amendment removes from the bill the provisions providing an increased  
27 homestead property tax exemption for permanent residents 65 years of age or older. The  
28 amendment increases the maximum benefit for persons who are 65 years of age or older  
29 under the property tax fairness credit and the benefit allowed under the senior property tax  
30 deferral program and permits otherwise eligible persons with no more than 2 years of  
31 delinquent property taxes to receive a deferral of taxes if the amount of delinquent taxes is  
32 added to the amount of taxes deferred and subject to certain conditions

33 **FISCAL NOTE REQUIRED**

34 (See attached)

**COMMITTEE AMENDMENT**



# 131st MAINE LEGISLATURE

LD 130

LR 29(02)

## An Act to Eliminate Senior Citizen Property Tax Stabilization and Expand the Homestead Property Tax Exemption

Fiscal Note for Bill as Amended by Committee Amendment "A" (S-425)

Committee: Taxation

Fiscal Note Required: Yes

### Fiscal Note

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
<b>Net Cost (Savings)</b>				
General Fund	\$0	(\$837,500)	(\$17,022,500)	(\$31,200,000)
<b>Appropriations/Allocations</b>				
General Fund	\$0	(\$30,050,000)	(\$46,805,000)	(\$62,550,000)
<b>Revenue</b>				
General Fund	\$0	(\$29,212,500)	(\$29,782,500)	(\$31,350,000)
Other Special Revenue Funds	\$0	(\$1,537,500)	(\$1,567,500)	(\$1,650,000)

### Fiscal Detail and Notes

Increasing the maximum property tax fairness credit for individuals 65 years or older and indexing the credit for inflation for income tax years beginning on or after January 1, 2024 will reduce General Fund revenue by \$29,212,500 and reduce Local Government Fund revenue by \$1,537,500 in fiscal year 2024-25. Expanding the elderly property tax deferral program will increase state reimbursements to municipalities for deferred taxes. The bill includes a General Fund appropriation of \$1,500,000 in fiscal year 2024-25 for this purpose.

Terminating the property tax stabilization program on homesteads of individuals 65 years of age or older for property tax years beginning on or after April 1, 2024, will eliminate state reimbursements to municipalities under the program. The bill includes General Fund deappropriations in fiscal year 2024-25 of \$31,000,000 for the reduction in reimbursement for property tax revenue lost and \$550,000 for the reduction in mandated cost reimbursement.

The combined impact of the reduced revenue associated with increasing the property tax fairness credit, the increased reimbursement to municipalities required by expanding the elderly property tax deferral and decreased state reimbursement to municipalities associated with eliminating the property tax stabilization program is General Fund savings of \$837,500 in fiscal year 2024-25.