

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 electronic originals
(may include minor formatting differences from printed original)

LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE

ONE HUNDRED AND TWENTY-SIXTH LEGISLATURE

FIRST SPECIAL SESSION
August 29, 2013

SECOND REGULAR SESSION
January 8, 2014 to May 2, 2014

THE EFFECTIVE DATE FOR
FIRST SPECIAL SESSION
EMERGENCY LAW IS
SEPTEMBER 6, 2013

THE GENERAL EFFECTIVE DATE FOR
SECOND REGULAR SESSION
NON-EMERGENCY LAWS IS
AUGUST 1, 2014

PUBLISHED BY THE REVISOR OF STATUTES
IN ACCORDANCE WITH THE MAINE REVISED STATUTES ANNOTATED,
TITLE 3, SECTION 163-A, SUBSECTION 4.

Augusta, Maine
2014

modify any supplemental guide signs on the interstate system to comply with this Act.

See title page for effective date.

CHAPTER 550

S.P. 655 - L.D. 1661

An Act To Clarify the Provisions of a Historic Preservation Tax Credit

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

Sec. 1. 36 MRSA §5219-BB, sub-§4, as amended by PL 2011, c. 548, §31, is repealed and the following enacted in its place:

4. Maximum credit. The credit allowed pursuant to this section and section 2534 may not exceed the greater of:

A. Five million dollars for the portion of a certified rehabilitation as defined by the Code, Section 47(c)(2)(C) placed in service in the State in the taxable year; and

B. Five million dollars for each building that is a component of a certified historic structure for which a credit is claimed under this section.

Sec. 2. Application. That section of this Act that repeals and replaces the Maine Revised Statutes, Title 36, section 5219-BB, subsection 4 applies to credits for which the first credit installment under Title 36, section 5219-BB, subsection 5 is claimed on a return filed for a tax year beginning on or after January 1, 2014.

See title page for effective date.

CHAPTER 551

H.P. 1257 - L.D. 1751

An Act To Provide Property Tax Relief to Maine Residents

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

Sec. 1. 22 MRSA §4301, sub-§7, as amended by PL 2013, c. 368, Pt. OO, §6, is further amended to read:

7. Income. "Income" means any form of income in cash or in kind received by the household, including net remuneration for services performed, cash received on either secured or unsecured credit, any payments received as an annuity, retirement or disability benefits, veterans' pensions, workers' compensation, unem-

ployment benefits, benefits under any state or federal categorical assistance program, supplemental security income, social security and any other payments from governmental sources, unless specifically prohibited by any law or regulation, court ordered support payments, income from pension or trust funds, household income from any other source, including relatives or unrelated household members and any benefit received pursuant to Title 36, chapter 907 ~~and~~ Title 36, section 5219-II ~~and~~ Title 36, section 5219-KK, unless used for basic necessities as defined in section 4301, subsection 1.

The following items are not available within the meaning of this subsection and subsection 10:

- A. Real or personal income-producing property, tools of trade, governmental entitlement specifically treated as exempt assets by state or federal law;
- B. Actual work-related expenses, whether itemized or by standard deduction, such as taxes, retirement fund contributions, union dues, transportation costs to and from work, special equipment costs and child care expenses; or
- C. Earned income of children below the age of 18 years who are full-time students and who are not working full time.

In determining need, the period of time used as a basis for the calculation is the 30-day period commencing on the date of the application. This prospective calculation does not disqualify an applicant who has exhausted income to purchase basic necessities if that income does not exceed the income standards established by the municipality. Notwithstanding this prospective calculation, if any applicant or recipient receives a lump sum payment prior or subsequent to applying for assistance, that payment must be prorated over future months. The period of proration is determined by disregarding any portion of the lump sum payment that the applicant or recipient has spent to purchase basic necessities, including but not limited to: all basic necessities provided by general assistance; reasonable payment of funeral or burial expenses for a family member; reasonable travel costs related to the illness or death of a family member; repair or replacement of essentials lost due to fire, flood or other natural disaster; repair or purchase of a motor vehicle essential for employment, education, training or other day-to-day living necessities; repayments of loans or credit, the proceeds of which can be verified as having been spent on basic necessities; and payment of bills earmarked for the purpose for which the lump sum is paid. All income received by the household between the receipt of the lump sum payment and the application for assistance is added to the remainder of the lump sum. The period of proration is then determined by dividing the remainder of the lump sum payment by the verified actual monthly amounts for all

of the household's basic necessities. That dividend represents the period of proration determined by the administrator to commence on the date of receipt of the lump sum payment. The prorated sum for each month must be considered available to the household for 12 months from the date of application or during the period of proration, whichever is less.

Sec. 2. 36 MRSA §5219-II, first ¶, as enacted by PL 2013, c. 368, Pt. L, §1, is amended to read:

For tax years beginning on or after January 1, 2013 and before January 1, 2014, a Maine resident individual is allowed a property tax fairness credit as computed under this section against the taxes imposed under this Part.

Sec. 3. 36 MRSA §5219-KK is enacted to read:

§5219-KK. Property tax fairness credit for tax years beginning on or after January 1, 2014

For tax years beginning on or after January 1, 2014, a Maine resident individual is allowed a property tax fairness credit as computed under this section against the taxes imposed under this Part.

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Benefit base" means property taxes paid by a resident individual during the tax year on the resident individual's homestead in this State or rent constituting property taxes paid by the resident individual during the tax year on a homestead in the State not exceeding the following amounts:

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

B. "Dwelling" means an individual house or apartment, duplex unit, cooperative unit, condominium unit, mobile home or mobile home pad.

C. "Homestead" means the dwelling owned or rented by a taxpayer or held in a revocable living trust for the benefit of the taxpayer and occupied by the taxpayer and the taxpayer's dependents as a

home and may consist of a part of a multidwelling or multipurpose building and a part of the land, up to 10 acres, upon which it is built. For purposes of this paragraph, "owned" includes a vendee in possession under a land contract, one or more joint tenants or tenants in common and possession under a legally binding agreement that allows the owner of the dwelling to transfer the property but continue to occupy the dwelling as a home until some future event stated in the agreement.

D. "Income" means federal adjusted gross income increased by the following amounts:

- (1) Trade or business losses; capital losses; any net loss resulting from combining the income or loss from rental real estate and royalties, the income or loss from partnerships and S corporations, the income or loss from estates and trusts, the income or loss from real estate mortgage investment conduits and the net farm rental income or loss; any loss associated with the sale of business property; and farm losses included in federal adjusted gross income;
- (2) Interest received to the extent not included in federal adjusted gross income;
- (3) Payments received under the federal Social Security Act and railroad retirement benefits to the extent not included in federal adjusted gross income; and
- (4) The following amounts deducted in arriving at federal adjusted gross income:
 - (a) Educator expenses pursuant to the Code, Section 62(a)(2)(D);
 - (b) Certain business expenses of performing artists pursuant to the Code, Section 62(a)(2)(B);
 - (c) Certain business expenses of government officials pursuant to the Code, Section 62(a)(2)(C);
 - (d) Certain business expenses of reservists pursuant to the Code, Section 62(a)(2)(E);
 - (e) Health savings account deductions pursuant to the Code, Section 62(a)(16) and Section 62(a)(19);
 - (f) Moving expenses pursuant to the Code, Section 62(a)(15);
 - (g) The deductible part of self-employment tax pursuant to the Code, Section 164(f);
 - (h) The deduction for self-employed SEP, SIMPLE and qualified plans pursuant to the Code, Section 62(a)(6);

- (i) The self-employed health insurance deduction pursuant to the Code, Section 162(1);
- (j) The penalty for early withdrawal of savings pursuant to the Code, Section 62(a)(9);
- (k) Alimony paid pursuant to the Code, Section 62(a)(10);
- (l) The IRA deduction pursuant to the Code, Section 62(a)(7);
- (m) The student loan interest deduction pursuant to the Code, Section 62(a)(17);
- (n) The tuition and fees deduction pursuant to the Code, Section 62(a)(18); and
- (o) The domestic production activities deduction pursuant to the Code, Section 199.

E. "Rent constituting property taxes" means 15% 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.

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% 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.

3. Refundability of credit. The tax credit under this section is refundable after the application of non-refundable credits.

Sec. 4. 36 MRSA §5403, as amended by PL 2013, c. 368, Pt. Q, §11 and affected by §12 and amended by Pt. TT, §19, is repealed and the following enacted in its place:

§5403. Annual adjustments for inflation

Beginning in 2015, and each calendar year thereafter, on or about September 15th, the assessor shall multiply the cost-of-living adjustment for taxable years beginning in the succeeding calendar year by the dollar amounts of the tax rate tables specified in section 5111, subsections 1-D, 2-D and 3-D and of the benefit base amounts in section 5219-KK, subsection 1, paragraph A. Beginning in 2013, and each calendar year thereafter, on or about September 15th, the assessor shall multiply the cost-of-living adjustment for taxable years beginning in the succeeding calendar year by the dollar amount of the itemized deduction limitation amount in section 5125, subsection 4. If the benefit base amounts, itemized deduction limitation amount or the dollar amounts of each rate bracket, adjusted by application of the cost-of-living adjustment, are not multiples of \$50, any increase must be rounded to the next lowest multiple of \$50. If the cost-of-living adjustment for any taxable year would be less than the cost-of-living adjustment for the preceding calendar year, the cost-of-living adjustment is the same as for the preceding calendar year. The assessor shall incorporate such changes into the income tax forms, instructions and withholding tables for the taxable year.

Sec. 5. Appropriations and allocations. The following appropriations and allocations are made.

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF Revenue Services, Bureau of 0002

Initiative: Provides one-time funding to implement changes to the property tax fairness credit.

GENERAL FUND	2013-14	2014-15
All Other	\$0	\$124,650
GENERAL FUND TOTAL	\$0	\$124,650

See title page for effective date.