

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

## **An Act To Expand Property Tax Relief for Maine Residents**

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

**Sec. 1. 5 MRSA §1536, sub-§1**, as amended by PL 2015, c. 267, Pt. L, §8, is further amended to read:

**1. Final priority reserves.** After the transfers to the State Contingent Account pursuant to section 1507, the transfers to the Loan Insurance Reserve pursuant to section 1511, the transfers pursuant to section 1522, a transfer of \$2,500,000 for the Reserve for General Fund Operating Capital and, the transfers to the Retiree Health Insurance Internal Service Fund pursuant to section 1519 and the transfer to the Property Tax Fairness Credit Fund pursuant to Title 36, section 5219-KK, subsection 4, the State Controller shall transfer at the close of each fiscal year from the unappropriated surplus of the General Fund an amount equal to the amount available from the unappropriated surplus after all required deductions of appropriations, budgeted financial commitments and adjustments considered necessary by the State Controller have been made as follows:

A. Eighty percent to the stabilization fund; and

F. Twenty percent to the Tax Relief Fund for Maine Residents established in section 1518-A.

**Sec. 2. 36 MRSA §5219-KK, sub-§4** is enacted to read:

**4. Property Tax Fairness Credit Fund.** There is created the Property Tax Fairness Credit Fund, referred to in this section as "the fund," which must be used to increase benefits under the credit established in this section. The fund consists of all resources transferred to the fund under Title 5, section 1536, subsection 1 and other resources made available to the fund.

A. Beginning with fiscal year 2017-18, the State Controller shall transfer to the fund at the close of each fiscal year from the unappropriated surplus of the General Fund after all required deductions of appropriations, budgeted financial commitments and adjustments considered necessary by the State Controller have been made pursuant to Title 5, section 1536, subsection 1, and prior to the transfers required under Title 5, section 1536, subsection 1, paragraphs A and F, 1% of the amount available from the unappropriated surplus after all required deductions of appropriations, budgeted financial commitments and adjustments considered necessary by the State Controller have been made.

B. By September 1, 2018 and annually thereafter, the State Controller shall inform the State Tax Assessor of the amount available in the fund for the purposes of this subsection.

C. By November 1st annually, the State Tax Assessor shall calculate, based on the amount available in the fund, the percentage by which the maximum credit for individuals under 65 years of age and the maximum credit for individuals 65 years of age or older under subsection 2 may be increased. The State Tax Assessor shall provide public notice of any increase in the maximum credit calculated

under this paragraph. New maximum credits calculated under this paragraph apply beginning with tax years that begin on or after January 1st of the calendar year following the determinations made under this paragraph.

D. Any unexpended balance in the fund may not lapse but must be carried forward to be used pursuant this subsection.

E. In the fiscal years immediately following the calculation of the increase in maximum credits under this subsection, the State Tax Assessor shall certify to the State Controller the amount of the reduction in General Fund revenue by fiscal year, and the State Controller shall transfer from the fund the amount certified for the reduction in revenue attributable to adjustments made under this subsection to the General Fund unappropriated surplus.

## **SUMMARY**

This bill requires that 1% of surplus General Fund revenue be transferred annually to a nonlapsing fund to be used to increase the maximum property tax fairness credit.