



129th MAINE LEGISLATURE

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Legislative Document

No. 887

H.P. 661

House of Representatives, February 19, 2019

An Act To Improve the Property Tax Fairness Credit

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 Representative BLUME of York.

Cosponsored by Representatives: BAILEY of Saco, FAY of Raymond, FECTEAU of Biddeford, HEPLER of Woolwich, HOBBS of Wells, HYMANSON of York, MASTRACCIO of Sanford, RECKITT of South Portland.

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

2 **Sec. 1. 36 MRSA §943-C, sub-§1, ¶B**, as enacted by PL 2017, c. 478, §3, is
3 amended to read:

4 B. The former owner or owners of the property demonstrate to the municipal officers
5 or their designee that:

6 (1) The income, as defined in section 5219-KK, subsection 1, paragraph D
7 including payments received under the federal Social Security Act and railroad
8 retirement benefits to the extent not included in federal adjusted income, of the
9 former owner or owners of the property was less than \$40,000, after medical
10 expenses have been deducted, for the calendar year immediately preceding the
11 calendar year in which the right of redemption expired; and

12 (2) The value of liquid assets of the former owner or owners of the property is
13 less than \$50,000 in the case of a single individual or \$75,000 in the case of 2 or
14 more individuals. For the purposes of this paragraph, "liquid assets" means
15 something of value available to an individual that can be converted to cash in 3
16 months or less and includes bank accounts, certificates of deposit, money market
17 or mutual funds, life insurance policies, stocks and bonds, lump-sum payments
18 and inheritances and funds from a home equity conversion mortgage that are in
19 the individual's possession whether they are in cash or have been converted to
20 another form.

21 The former owner or owners must provide documentation verifying the former
22 owner's or owners' income and liquid assets.

23 **Sec. 2. 36 MRSA §5219-KK, sub-§1, ¶D**, as amended by PL 2017, c. 474, Pt.
24 B, §14, is further amended to read:

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

27 (1) Trade or business losses; capital losses; any net loss resulting from
28 combining the income or loss from rental real estate and royalties, the income or
29 loss from partnerships and S corporations, the income or loss from estates and
30 trusts, the income or loss from real estate mortgage investment conduits and the
31 net farm rental income or loss; any loss associated with the sale of business
32 property; and farm losses included in federal adjusted gross income;

33 (2) Interest received to the extent not included in federal adjusted gross income;
34 and

35 ~~(3) Payments received under the federal Social Security Act and railroad~~
36 ~~retirement benefits to the extent not included in federal adjusted gross income;~~
37 ~~and~~

38 (4) The following amounts deducted in arriving at federal adjusted gross income:

39 (a) Educator expenses pursuant to the Code, Section 62(a)(2)(D);

- 1 (b) Certain business expenses of performing artists pursuant to the Code,
2 Section 62(a)(2)(B);
- 3 (c) Certain business expenses of government officials pursuant to the Code,
4 Section 62(a)(2)(C);
- 5 (d) Certain business expenses of reservists pursuant to the Code, Section
6 62(a)(2)(E);
- 7 (e) Health savings account deductions pursuant to the Code, Section
8 62(a)(16) and Section 62(a)(19);
- 9 (f) Moving expenses pursuant to the Code, Section 62(a)(15);
- 10 (g) The deductible part of self-employment tax pursuant to the Code, Section
11 164(f);
- 12 (h) The deduction for self-employed SEP, SIMPLE and qualified plans
13 pursuant to the Code, Section 62(a)(6);
- 14 (i) The self-employed health insurance deduction pursuant to the Code,
15 Section 162(l);
- 16 (j) The penalty for early withdrawal of savings pursuant to the Code, Section
17 62(a)(9);
- 18 (k) Alimony paid pursuant to the Code, Section 62(a)(10);
- 19 (l) The IRA deduction pursuant to the Code, Section 62(a)(7);
- 20 (m) The student loan interest deduction pursuant to the Code, Section
21 62(a)(17); and
- 22 (n) The tuition and fees deduction pursuant to the Code, Section 62(a)(18).

23 **Sec. 3. 36 MRS §5219-KK, sub-§2-A**, as enacted by PL 2017, c. 474, Pt. B,
24 §16, is amended to read:

25 **2-A. Credit in 2018.** For tax years beginning ~~on or after January 1, in~~ 2018, a
26 resident individual is allowed a credit against the taxes imposed under this Part equal to
27 the amount by which the benefit base for the resident individual exceeds 6% of the
28 resident individual's income. The credit may not exceed \$750 for resident individuals
29 under 65 years of age as of the last day of the taxable year or \$1,200 for resident
30 individuals 65 years of age and older as of the last day of the taxable year. In the case of
31 married individuals filing a joint return, only one spouse is required to be 65 years of age
32 or older to qualify for the \$1,200 credit limitation. Married taxpayers filing separate
33 returns do not qualify for the credit under this section.

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

35 **2-B. Credit in 2019 and after.** For tax years beginning on or after January 1, 2019,
36 a resident individual is allowed a credit against the taxes imposed under this Part equal to
37 the amount by which the benefit base for the resident individual exceeds 6% of the
38 resident individual's income. The credit may not exceed \$2,000 for a resident individual.

