



129th MAINE LEGISLATURE

FIRST REGULAR SESSION-2019

Legislative Document

No. 1158

H.P. 847

House of Representatives, March 7, 2019

An Act To Provide Property Tax Relief

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 TALBOT ROSS of Portland.

Cosponsored by President JACKSON of Aroostook, Senator SANBORN, H. of Cumberland and Representatives: ALLEY of Beals, BRENNAN of Portland, CLOUTIER of Lewiston, DENK of Kennebunk, MAREAN of Hollis, MATLACK of St. George, TERRY of Gorham, TIPPING of Orono.

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

2 **Sec. 1. 36 MRSA §5219-KK, sub-§1, ¶A-1**, as enacted by PL 2017, c. 474, Pt.
3 B, §13, is amended to read:

4 A-1. For tax years beginning on or after January 1, 2018 and before January 1, 2020,
5 "benefit base" means property taxes paid by a resident individual during the tax year
6 on the resident individual's homestead in this State or rent constituting property taxes
7 paid by the resident individual during the tax year on a homestead in the State not
8 exceeding the following amounts:

- 9 (1) For persons filing as single individuals, \$2,050;
- 10 (2) For persons filing as heads of households that can claim the federal child tax
11 credit pursuant to the Code, Section 24 for no more than one qualifying child or
12 dependent or for persons filing joint returns, \$2,650; and
- 13 (3) For persons filing as heads of households that can claim the federal child tax
14 credit pursuant to the Code, Section 24 for more than one qualifying child or
15 dependent or for persons filing joint returns that can claim the federal child tax
16 credit pursuant to the Code, Section 24 for at least one qualifying child or
17 dependent, \$3,250.

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

19 A-2. For tax years beginning on or after January 1, 2020, "benefit base" means
20 property taxes paid by a resident individual during the tax year on the resident
21 individual's homestead in this State or rent constituting property taxes paid by the
22 resident individual during the tax year on a homestead in the State not exceeding the
23 following amounts:

- 24 (1) For persons filing as single individuals, \$3,350; and
- 25 (2) For persons filing married joint returns or as heads of households, \$4,400.

26 **Sec. 3. 36 MRSA §5219-KK, sub-§1, ¶¶C-1 and C-2** are enacted to read:

27 C-1. "Household" means an individual filing a return under this Part, the individual's
28 spouse and members of the household for whom the individual is entitled to claim a
29 credit for a qualifying child or dependent under the Code, Section 24.

30 C-2. "Household income" means all income received by all persons of a household
31 in a calendar year while members of the household.

32 **Sec. 4. 36 MRSA §5219-KK, sub-§1, ¶E**, as enacted by PL 2013, c. 551, §3, is
33 amended to read:

34 E. "Rent constituting property taxes" means 15% of the gross rent actually paid in
35 cash or its equivalent during the tax year solely for the right of occupancy of a
36 homestead in the State except that, for tax years beginning on or after January 1,
37 2020, "rent constituting property taxes" means 20% of the gross rent actually paid in
38 cash or its equivalent during the tax year solely for the right of occupancy of a
39 homestead in the State for resident individuals under 65 years of age as of the last day

1 of the taxable year or 25% of the gross rent actually paid in cash or its equivalent
2 during the tax year solely for the right of occupancy of a homestead in the State for
3 resident individuals 65 years of age and older as of the last day of the taxable year.
4 For the purposes of this paragraph, "gross rent" means rent paid at arm's length solely
5 for the right of occupancy of a homestead, exclusive of charges for any utilities,
6 services, furniture, furnishings or personal property appliances furnished by the
7 landlord as part of the rental agreement, whether or not expressly set out in the rental
8 agreement. If the landlord and tenant have not dealt with each other at arm's length,
9 and the assessor is satisfied that the gross rent charged was excessive, the assessor
10 may adjust the gross rent to a reasonable amount for purposes of this section.

11 **Sec. 5. 36 MRSA §5219-KK, sub-§2-A**, as enacted by PL 2017, c. 474, Pt. B,
12 §16, is amended to read:

13 **2-A. Credit in 2018 and 2019.** For tax years beginning on or after January 1, 2018
14 and before January 1, 2020, a resident individual is allowed a credit against the taxes
15 imposed under this Part equal to the amount by which the benefit base for the resident
16 individual exceeds 6% of the resident individual's income. The credit may not exceed
17 \$750 for resident individuals under 65 years of age as of the last day of the taxable year
18 or \$1,200 for resident individuals 65 years of age and older as of the last day of the
19 taxable year. In the case of married individuals filing a joint return, only one spouse is
20 required to be 65 years of age or older to qualify for the \$1,200 credit limitation. Married
21 taxpayers filing separate returns do not qualify for the credit under this section.

22 **Sec. 6. 36 MRSA §5219-KK, sub-§2-B** is enacted to read:

23 **2-B. Credit in 2020 and after.** For tax years beginning on or after January 1, 2020,
24 a resident individual is allowed a credit against the taxes imposed under this Part in an
25 amount equal to 50% of the amount by which the benefit base for the resident individual
26 exceeds 4% but does not exceed 8% of income plus 100% of that portion of the benefit
27 base that exceeds 8% of income to a maximum payment of \$2,000. Married taxpayers
28 filing separate returns do not qualify for the credit under this section.

29 **Sec. 7. 36 MRSA §5219-KK, sub-§4** is enacted to read:

30 **4. Income limitation.** For tax years beginning on or after January 1, 2020, a person
31 filing as a single individual with a household income in excess of \$60,000 and a person
32 filing a married joint return or as a head of household with a household income in excess
33 of \$80,000 do not qualify for a credit under this section.

34 **Sec. 8. 36 MRSA §5403, sub-§6**, as amended by PL 2017, c. 474, Pt. B, §23, is
35 repealed and the following enacted in its place:

36 **6. Property tax fairness credit.** For the property tax fairness credit:

37 A. Beginning in 2018 and each year thereafter, the benefit base amounts in section
38 5219-KK, subsection 1, paragraph A-1, except that for the purposes of this paragraph,
39 notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the
40 Chained Consumer Price Index for the 12-month period ending June 30th of the

1 preceding calendar year divided by the Chained Consumer Price Index for the
2 12-month period ending June 30, 2017;

3 B. Beginning in 2020 and each year thereafter, the benefit base amounts in section
4 5219-KK, subsection 1, paragraph A-2, except that for the purposes of this paragraph,
5 notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the
6 Chained Consumer Price Index for the 12-month period ending June 30th of the
7 preceding calendar year divided by the Chained Consumer Price Index for the
8 12-month period ending June 30, 2019; and

9 C. Beginning in 2020 and each year thereafter, the household income amounts in
10 section 5219-KK, subsection 4, except that for the purposes of this paragraph,
11 notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the
12 Chained Consumer Price Index for the 12-month period ending June 30th of the
13 preceding calendar year divided by the Chained Consumer Price Index for the
14 12-month period ending June 30, 2019;

15 **SUMMARY**

16 This bill amends the property tax fairness credit under the income tax laws for tax
17 years beginning on or after January 1, 2020 by changing the formula for calculation of
18 benefits to reflect the calculation that applied under the Maine Residents Property Tax
19 Program, referred to as "the circuitbreaker program," which was in effect prior to
20 enactment of the property tax fairness credit.