



# HOUSE OF REPRESENTATIVES

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*Testimony of Rep. Ron Russell introducing*

## **LD 2144, An Act to Provide Property Tax Relief by Increasing the Availability of the Property Tax Fairness Credit**

*Before the Joint Standing Committee on Taxation*

Good afternoon Senator Grohoski, Representative Perry, and members of the Committee on Taxation. My name is Ron Russell and I represent House District 17, the towns of Bucksport, Orland, Penobscot, and my hometown Verona Island. I am here to present LD 2144, "An Act to Provide Property Tax Relief by Increasing Availability of the Property Tax Fairness Credit".

After being elected in November of 2022, I met with the three Select Boards, the Bucksport Town Manager, and the Bucksport Town Council Members. The purpose of those meetings was to learn what issues were important to the towns relating to my service in Augusta. While we talked about many things, first and foremost to all four towns were their concerns with the upcoming Property Tax Stabilization Program. A problematic, yet popular program to help seniors with their rising property taxes. Over 700 seniors in District 17 applied to the program. Upon its repeal, I sought out the changes this committee made to the Property Tax Fairness Credit in particular. I would like to commend the committee for how they broadened this credit for seniors.

In the case of the repeal of the popular Stabilization Credit the word got out quickly and the reaction was one of disappointment. Once I learned the details of the changes that this committee made, I had a series of 5 meetings throughout the District explaining the reasons for the repeal and the details and benefits of the changes to the Fairness Credit and Deferral Program. Just under 150 seniors attended and I met with many seniors at their homes when they requested more information. During those one-on-one meetings, it became obvious to me that the changes to broaden the Fairness Credit would help a lot of seniors. Yet it also became obvious to me that seniors who owned homes that were on the low end of the income scale covered by the credit needed more help. I'd like to present the story of the meeting I had with one constituent, her situation, and how the proposed changes in this bill would affect her. I've given you some supporting documentation that you may want to follow along with.

She was 81 years old, a recent widow, living in her home where she and her husband had raised their family. She shared her monthly budget and many facts about her life. She had attended one of the meetings but wasn't sure the fairness credit was going to help her because she remembered

that before her husband died their income was \$36,000 and they had asked about any credits from the person who helped them with their taxes. At \$36,000 they would not have qualified because 4% of their income was \$1,440 and their property taxes were \$1,200. The credit would have come into play only if their property taxes exceeded the \$1,440. After her husband died her income dropped to \$25,000 a year due to her being able to retain only the higher of their social security benefits.

This bill lowers the threshold from 4% of income to 2% of income for property tax relief for seniors 65 or older whose income as defined in the current statute is \$36,000 or less.

**Monthly Income- \$2,022**

**Monthly Expenses**

Property Tax- \$100

House Insurance- \$128

Car Insurance- \$81

Car Payment- \$262

Gas/Licensing/Maintenance- \$97

Medicare Part B- \$168

Traditional Supplemental Ins.- \$252

Drugs/Co-pays- \$184

Heat- \$250

Electric- \$96

Sewer/Water- \$58

Trash Pick-up- \$45

Reserve House Repairs- \$50

Internet- \$80

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**\$1,851**

**Before (\$171)**

Food

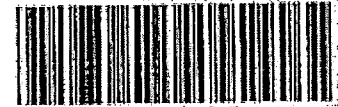
Personal items

Clothes

Any life activities

SCHEDULE PTFC/STFC Form 1040ME

Property Tax Fairness Credit Sales Tax Fairness Credit



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Attachment Sequence No. 3

2023 2024

For MAINE RESIDENTS and PART-YEAR RESIDENTS ONLY. See instructions. Enclose with Form 1040ME. For more information, visit www.maine.gov/revenue/tax-return-forms

\*2302205\*

Name(s) as shown on Form 1040ME

Your Social Security Number

81 YEAR OLD WIDOW - FIXED INCOME

Enter your date of birth

If married, enter your spouse's date of birth

MM DD YYYY

MM DD YYYY

Physical location of property where you lived during 2023 (if different from your mailing address):

TOTAL INCOME - Complete line 1 or line 2 below, but not both. Complete line 1 if you do not file federal Form 1040 or Form 1040-SR. Complete line 2 if you do file federal Form 1040 or Form 1040-SR. Then go to line 3. DO NOT ENTER \$ signs, commas, or decimals.

IF YOU DO NOT FILE FEDERAL FORM 1040 OR FORM 1040-SR, ENTER:

- 1. (a) Social security benefits and railroad retirement benefits. (See instructions.) 1a. 25000.00
(b) Interest and dividends. (See instructions.) 1b. .00
(c) Pensions, annuities and IRA distributions. (See instructions.) 1c. .00
(d) Wages, salaries, tips, etc. (See instructions.) 1d. .00
(e) Other income. (See instructions.) 1e. .00

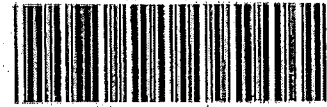
OR, IF YOU DO FILE FEDERAL FORM 1040 OR FORM 1040-SR, ENTER:

- 2. (a) Federal total income. (From federal Form 1040, line 9 or Form 1040-SR, line 9.) 2a. .00
(b) Social security benefits not included on line 2a above. (Federal Form 1040, line 6a minus line 6b or Form 1040-SR, line 6a minus line 6b) and railroad retirement benefits not included on line 2a above. (See instructions.) 2b. .00
(c) Interest not included on line 2a above. (If filing Schedule NRH - see instructions.) 2c. .00
(d) Loss add-backs. (See instructions.) 2d. .00
3. Total income. Add lines 1a through 1e OR lines 2a through 2d above. 3. 25000.00
Note: See instructions for the maximum income limitations.

PROPERTY TAX FAIRNESS CREDIT (lines 4 through 15):

- 4. Enter the property tax you paid on your home in 2023. (See instructions.) 4. 1,200.00
If you paid no property tax in 2023, skip to line 5a.
5. (a) Enter the rent you paid on your home in 2023. (See instructions.) 5a. .00
If you paid no rent in 2023, skip to line 5.
(b) Does the rent entered on line 5a include heat, utilities, furniture, or similar items? 5b. Yes No
(c) If line 5b is yes and you know the amount paid for heat, utilities, furniture, or similar items, enter that amount on line 5c. If yes, and you do not know the amount paid, multiply line 5a by 15% (.15) and enter the result on line 5c. If line 5b is no, enter "0" on line 5c. 5c. .00
(d) Line 5a minus line 5c. 5d. .00
(e) Multiply line 5d by 15% (.15). 5e. .00
(f) Landlord's name and telephone number.

- 6. Add lines 4 and 5e. 6. 1,200.00



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\*2302206\*

DO NOT ENTER \$ signs, commas, or decimals.

7. Enter the amount shown in the table below for your filing status and the number of qualifying children and dependents on Form 1040ME, line 13a: 7. 4,000.00

If your Filing Status is:	AND Form 1040ME, line 13a is:		
	0	1	more than 1
↓			
	Your maximum benefit base is:		
Single	\$2,300	\$2,300	\$2,300
Head of Household	\$3,000	\$3,000	\$3,700
Married filing Jointly or Qualifying surviving spouse	\$3,000	\$3,700	\$3,700

8. Benefit base. Enter the smaller of line 6 or line 7: 8. 1,200.00

9. Multiply line 3 by 4% (.04): 9. 1,000.00

(a) Is the amount on line 8 more than the amount on line 9? If yes, go to line 10 below. If no, you do not qualify for the property tax fairness credit. Go to line 16 below to apply for the sales tax fairness credit... 9a. Yes No

10. Subtract line 9 from line 8: 10. 200.00

11. Were you or your spouse (if married filing jointly) at least 65 years of age during the tax year? 11. Yes No

(a) If yes, enter ~~\$1,500~~ 2,000. If no, enter \$1,000. 11a. 2,000.00

12. Enter line 10 or line 11a, whichever is smaller: 12. 200.00

13. Are you or your spouse (if married filing jointly) rated 100% permanently and totally disabled by the United States Department of Veterans Affairs? 13. Yes No

(a) If yes, enter the amount from line 12. Enclose a copy of your VA Rating Decision Letter or your VA Benefit Summary Letter. If no, enter \$0. 13a. .00

14. Add lines 12 and 13a: 14. 200.00

15. Enter line 14 or line 6, whichever is smaller, here and on Form 1040ME, line 25d: 15. .00

SALES TAX FAIRNESS CREDIT (lines 16 and 16a):

16. See the table on page 18 for your filing status. Enter the amount shown for your total income from line 3 and the number of qualifying children and dependents. If you are filing Schedule NR or Schedule NRH, go to line 16a. Otherwise, enter this amount on Form 1040ME, line 25e. 16. .00

(a) PART-YEAR RESIDENTS FILING SCHEDULE NR OR SCHEDULE NRH - You must prorate the sales tax fairness credit. Schedule NR: Multiply line 16 by the Maine-source income ratio (1.0000 minus Schedule NR, line 7). Schedule NRH: Multiply line 16 by the Maine-source income ratio of your income (1.0000 minus Schedule NRH, line 7, column C). Enter the result here and on Form 1040ME, line 25e. 16a. .00

UNDER CURRENT FAIRNESS CREDIT. CREDIT WOULD BE \$ 200



DO NOT ENTER \$ signs, commas, or decimals.

7. Enter the amount shown in the table below for your filing status and the number of qualifying children and dependents on Form 1040ME, line 13a: 7. 4,000 .00

If your Filing Status is:	AND Form 1040ME, line 13a is:		
	0	OR 1	OR more than 1
	Your maximum benefit base is:		
Single	\$2,300	\$2,300	\$2,300
Head of Household	\$3,000	\$3,000	\$3,700
Married filing jointly or Qualifying surviving spouse	\$3,000	\$3,700	\$3,700

8. Benefit base. Enter the smaller of line 6 or line 7: 8. 1,200 .00

9. Multiply line 3 by 4% (.04): 9. 500 .00

(a) Is the amount on line 8 more than the amount on line 9? If yes, go to line 10 below. If no, you do not qualify for the property tax fairness credit. Go to line 16 below to apply for the sales tax fairness credit... 9a. Yes No

10. Subtract line 9 from line 8: 10. 700 .00

11. Were you or your spouse (if married filing jointly) at least 65 years of age during the tax year? 11. Yes No

(a) If yes, enter ~~\$1,500~~ 2,000. If no, enter \$1,000. 11a. 2,000 .00

12. Enter line 10 or line 11a, whichever is smaller: 12. 700 .00

13. Are you or your spouse (if married filing jointly) rated 100% permanently and totally disabled by the United States Department of Veterans Affairs? 13. Yes No

(a) If yes, enter the amount from line 12. Enclose a copy of your VA Rating Decision Letter or your VA Benefit Summary Letter. If no, enter \$0. 13a. .00

14. Add lines 12 and 13a: 14. 700 .00

15. Enter line 14 or line 6, whichever is smaller, here and on Form 1040ME, line 25d. 15. 700 .00

SALES TAX FAIRNESS CREDIT (lines 16 and 16a):

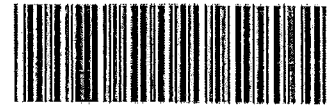
16. See the table on page 18 for your filing status. Enter the amount shown for your total income from line 3 and the number of qualifying children and dependents. If you are filing Schedule NR or Schedule NRH, go to line 16a. Otherwise, enter this amount on Form 1040ME, line 25e. 16. .00

(a) PART-YEAR RESIDENTS FILING SCHEDULE NR OR SCHEDULE NRH - You must prorate the sales tax fairness credit. Schedule NR: Multiply line 16 by the Maine-source income ratio (1.0000 minus Schedule NR, line 7). Schedule NRH: Multiply line 16 by the Maine-source income ratio of your income (1.0000 minus Schedule NRH, line 7, column C). Enter the result here and on Form 1040ME, line 25e. 16a. .00

WITH CHANGES FROM LD 2144  
CREDIT WOULD BE \$ 700

SCHEDULE PTFC/STFC Form 1040ME

Property Tax Fairness Credit Sales Tax Fairness Credit



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\*2302205\*

Attachment Sequence No. 3 2024

For MAINE RESIDENTS and PART-YEAR RESIDENTS ONLY. See instructions. Enclose with Form 1040ME. For more information, visit www.maine.gov/revenue/tax-return-forms.

Name(s) as shown on Form 1040ME

Your Social Security Number

MIDDLE CLASS SENIOR COUPLE

Enter your date of birth

If married, enter your spouse's date of birth

MM DD YYYY

MM DD YYYY

Physical location of property where you lived during 2023 (if different from your mailing address):

TOTAL INCOME - Complete line 1 or line 2 below, but not both. Complete line 1 if you do not file federal Form 1040 or Form 1040-SR. Complete line 2 if you do file federal Form 1040 or Form 1040-SR. Then go to line 3. DO NOT ENTER \$ signs, commas, or decimals.

IF YOU DO NOT FILE FEDERAL FORM 1040 OR FORM 1040-SR, ENTER:

- 1. (a) Social security benefits and railroad retirement benefits. (See instructions.) 1a. .00
(b) Interest and dividends. (See instructions.) 1b. .00
(c) Pensions, annuities and IRA distributions. (See instructions.) 1c. .00
(d) Wages, salaries, tips, etc. (See instructions.) 1d. .00
(e) Other income. (See instructions.) 1e. .00

OR, IF YOU DO FILE FEDERAL FORM 1040 OR FORM 1040-SR, ENTER:

- 2. (a) Federal total income. (From federal Form 1040, line 9 or Form 1040-SR, line 9.) (If filing Schedule NRH - see instructions.) 2a. 50,000.00
(b) Social security benefits not included on line 2a above. (Federal Form 1040, line 6a minus line 6b or Form 1040-SR, line 6a minus line 6b) and railroad retirement benefits not included on line 2a above. (See instructions.) 2b. 34,000.00
(c) Interest not included on line 2a above. (If filing Schedule NRH - see instructions.) 2c. .00
(d) Loss add-backs. (See instructions.) 2d. .00
3. Total Income: Add lines 1a through 1e OR lines 2a through 2d above. 3. 84,000.00
Note: See instructions for the maximum income limitations.

PROPERTY TAX FAIRNESS CREDIT (lines 4 through 15):

- 4. Enter the property tax you paid on your home in 2023. (See instructions.) 4. 3,860.00
If you paid no property tax in 2023, skip to line 5a.
5. (a) Enter the rent you paid on your home in 2023. (See instructions.) 5a. .00
If you paid no rent in 2023, skip to line 6.
(b) Does the rent entered on line 5a include heat, utilities, furniture, or similar items? 5b. Yes No
(c) If line 5b is yes and you know the amount paid for heat, utilities, furniture, or similar items, enter that amount on line 5c. If yes, and you do not know the amount paid, multiply line 5a by 15% (.15) and enter the result on line 5c. If line 5b is no, enter "0" on line 5c. 5c. .00
(d) Line 5a minus line 5c. 5d. .00
(e) Multiply line 5d by 15% (.15). 5e. .00
(f) Landlord's name and telephone number:

- 6. Add lines 4 and 5e. 6. 3,860.00



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\*2302206\*

DO NOT ENTER \$ signs, commas, or decimals.

7. Enter the amount shown in the table below for your filing status and the number of qualifying children and dependents on Form 1040ME, line 13a: 7. 4,000 .00

If your Filing Status is:	AND Form 1040ME, line 13a is:		
	0	1	more than 1
	Your maximum benefit base is:		
Single	\$2,300	\$2,300	\$2,300
Head of Household	\$3,000	\$3,000	\$3,700
Married filing jointly or Qualifying surviving spouse	\$3,000	\$3,700	\$3,700

8. Benefit base. Enter the smaller of line 6 or line 7. 8. 3,860 .00

9. Multiply line 3 by 4% (.04). 9. 3,360 .00

(a) Is the amount on line 8 more than the amount on line 9? If yes, go to line 10 below. If no, you do not qualify for the property tax fairness credit. Go to line 16 below to apply for the sales tax fairness credit. 9a. Yes No

10. Subtract line 9 from line 8. 10. 500 .00

11. Were you or your spouse (if married filing jointly) at least 65 years of age during the tax year? 11. Yes No

(a) If yes, enter <sup>2,000</sup> ~~1,500~~. If no, enter \$1,000. 11a. 2,000 .00

12. Enter line 10 or line 11a, whichever is smaller. 12. 500 .00

13. Are you or your spouse (if married filing jointly) rated 100% permanently and totally disabled by the United States Department of Veterans Affairs? 13. Yes No

(a) If yes, enter the amount from line 12. Enclose a copy of your VA Rating Decision Letter or your VA Benefit Summary Letter. If no, enter \$0. 13a. .00

14. Add lines 12 and 13a. 14. 500 .00

15. Enter line 14 or line 6, whichever is smaller, here and on Form 1040ME, line 25d. 15. 500 .00

SALES TAX FAIRNESS CREDIT (lines 15 and 16a):

16. See the table on page 18 for your filing status. Enter the amount shown for your total income from line 3 and the number of qualifying children and dependents. If you are filing Schedule NR or Schedule NRH, go to line 16a. Otherwise, enter this amount on Form 1040ME, line 25e. 16. .00

(a) PART-YEAR RESIDENTS FILING SCHEDULE NR OR SCHEDULE NRH - You must prorate the sales tax fairness credit. Schedule NR: Multiply line 16 by the Maine-source income ratio (1.0000 minus Schedule NR, line 7). Schedule NRH: Multiply line 16 by the Maine-source income ratio of your income (1.0000 minus Schedule NRH, line 7, column C). Enter the result here and on Form 1040ME, line 25e. 16a. .00

CREDIT WOULD BE \$ 500