

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 Provide a Tax Deduction for Landlords Who Complete Energy Audits on Rental Units

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

Sec. 1. 35-A MRSA §10006, sub-§3 is enacted to read:

3. Tax deduction for compliance. To qualify for a tax deduction under Title 36, section 5122, subsection 2, paragraph CC or section 5200-A, subsection 2, paragraph T, a landlord or other lessor of residential property must demonstrate to the satisfaction of the commission that an energy audit, as defined by the commission by rule, has been completed.

Sec. 2. 36 MRSA §5122, sub-§2, ¶AA, as corrected by RR 2007, c. 2, §23, is amended to read:

AA. For taxable years beginning on or after January 1, 2009, an amount equal to the net decrease in the depreciation deductions allowable under sections 167 and 168 of the Code that would have been applicable to that property had the 50% bonus depreciation deduction under Section 103 of the Economic Stimulus Act of 2008, Public Law 110-185 not been claimed with respect to such property for which an addition was required under subsection 1, paragraph AA in a prior year.

Upon the taxable disposition of property to which this paragraph applies, the amount of any gain or loss includable in federal adjusted gross income must be adjusted for Maine income tax purposes by an amount equal to the difference between the addition modification for such property under subsection 1, paragraph AA and the subtraction modifications allowed pursuant to this paragraph.

The total amount of subtraction claimed for property under this paragraph for all tax years may not exceed the addition modification under subsection 1, paragraph AA for the same property; and

Sec. 3. 36 MRSA §5122, sub-§2, ¶BB, as reallocated by RR 2007, c. 2, §24, is amended to read:

BB. The amount of pension benefits to the extent included in federal adjusted gross income under a military retirement plan as defined in paragraph M that exceed the amount of military retirement plan pension benefits deducted under paragraph M and that are received by a person who practices as a licensed dentist in this State for an average of at least 20 hours per week during the tax year and who accepts patients who receive benefits under the MaineCare program administered under Title 22, chapter 855; and

Sec. 4. 36 MRSA §5122, sub-§2, ¶CC is enacted to read:

CC. For taxable years beginning on or after January 1, 2009, an amount equal to the cost of the energy audit pursuant to Title 35-A, section 10006, subsection 3, or \$750, whichever is less.

(1) For a building with:

(a) One to 4 units, one tax deduction for that building;

(b) Five to 25 units, 3 tax deductions for that building; and

(c) Twenty-six or more units, 5 tax deductions for that building.

Sec. 5. 36 MRSA §5200-A, sub-§2, ¶R, as amended by PL 2007, c. 700, Pt. B, §5, is further amended to read:

R. For taxable years beginning on or after January 1, 2009, an amount equal to the net decrease in the depreciation deductions allowable under sections 167 and 168 of the Code that would have been applicable to that property had the 50% bonus depreciation deduction under Section 103 of the Economic Stimulus Act of 2008, Public Law 110-185 not been claimed with respect to such property for which an addition was required under subsection 1, paragraph T in a prior year.

Upon the taxable disposition of property to which this paragraph applies, the amount of any gain or loss includable in federal adjusted gross income must be adjusted for Maine income tax purposes by an amount equal to the difference between the addition modification for such property under subsection 1, paragraph T and the subtraction modifications allowed pursuant to this paragraph.

The total amount of subtraction claimed for property under this paragraph for all tax years may not exceed the addition modification under subsection 1, paragraph T for the same property; ~~and~~

Sec. 6. 36 MRSA §5200-A, sub-§2, ¶S, as enacted by PL 2007, c. 700, Pt. B, §6, is amended to read:

S. An amount equal to the value of any prior year addition modification under subsection 1, paragraph U, but only to the extent that:

(1) Maine taxable income is not reduced below zero;

(2) The taxable year is within the allowable federal period for carryover of the net operating loss plus one year; and

(3) The amount has not been previously used as a modification pursuant to this subsection; and

Sec. 7. 36 MRSA §5200-A, sub-§2, ¶T is enacted to read:

T. For taxable years beginning on or after January 1, 2009, an amount equal to the cost of the energy audit pursuant to Title 35-A, section 10006, subsection 3, or \$750, whichever is less.

(1) For a building with:

(a) One to 4 units, one tax deduction for that building;

(b) Five to 25 units, 3 tax deductions for that building; and

(c) Twenty-six or more units, 5 tax deductions for that building.

SUMMARY

This bill provides an income tax deduction to a landlord or other lessor of residential property who has demonstrated to the satisfaction of the Public Utilities Commission that an energy audit on that landlord's or lessor's property has been completed. Each deduction is capped at the cost of the audit, or \$750, whichever is less. For a building with one to 4 units, a maximum of one audit may be deducted for that building. For a building with 5 to 25 units, a maximum of 3 audits may be deducted for that building. For a building with 26 or more units, a maximum of 5 audits may be deducted for that building.