



126th MAINE LEGISLATURE

SECOND REGULAR SESSION-2014

Legislative Document

No. 1751

H.P. 1257

House of Representatives, January 28, 2014

An Act To Provide Property Tax Relief to Maine Residents

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Speaker EVES of North Berwick.
Cosponsored by President ALFOND of Cumberland and
Representatives: BEAVERS of South Berwick, CASSIDY of Lubec, CHIPMAN of Portland,
GATTINE of Westbrook, GRANT of Gardiner, HUBBELL of Bar Harbor, KUSIAK of
Fairfield, McCABE of Skowhegan, McLEAN of Gorham, PLANTE of Berwick, POWERS of
Naples, SAUCIER of Presque Isle, SCHNECK of Bangor, SHORT of Pittsfield, WERTS of
Auburn, Senators: DUTREMBLE of York, GRATWICK of Penobscot, WOODBURY of
Cumberland.

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

2 **Sec. 1. 5 MRSA §1518-A, sub-§§1-A and 4**, as enacted by PL 2011, c. 692, §1,
3 are amended to read:

4 **1-A. Implementation.** By September 1, 2014 and annually thereafter, if the State
5 Controller determines that the ~~benefits required under the Circuitbreaker Program~~
6 property tax fairness credit under Title 36, ~~chapter 907~~ have section 5219-II has been
7 fully funded, the State Controller shall inform the State Tax Assessor of the amount
8 available in the fund for the purposes of subsection 1.

9 A. By November 1st annually, the State Tax Assessor shall calculate the amount by
10 which the income tax rates under Title 36, section 5111, subsections 1-C, 2-C and
11 3-C may be reduced during the subsequent tax year using the amount available from
12 the fund. Bracket rate reductions must be a minimum of 0.2 percentage points in the
13 first year in which reductions are made and a minimum of 0.1 percentage points in
14 subsequent years. If sufficient funds are not available to pay for the minimum
15 reduction, a rate reduction may not be made until the amount in the fund is sufficient
16 to pay for the reduction. When the amount is sufficient to pay for the reduction, the
17 reduction must first be applied equally to each bracket under Title 36, section 5111,
18 subsections 1-C, 2-C and 3-C until the lower bracket reaches 4%. Funds available
19 from the fund in subsequent years must be applied to reduce the higher bracket rates
20 until there is a single bracket with a rate of 4%, after which future tax relief may be
21 identified.

22 B. The State Tax Assessor shall provide public notice of new bracket rates calculated
23 under this subsection by November 15th annually.

24 C. New bracket rates calculated under this subsection apply beginning with tax years
25 that begin on or after January 1st of the calendar year following the determinations
26 made under this subsection.

27 **4. Transfer from General Fund revenue growth.** ~~Beginning with~~ At the close of
28 fiscal year 2013-14 and before any other transfers from the General Fund, the State
29 Controller shall transfer to the fund at the close of each fiscal year 40% of the amount by
30 which General Fund budgeted revenue for that fiscal year exceeds the General Fund
31 appropriation limitation calculated for that fiscal year under section 1534. Beginning
32 with fiscal year 2014-15, at the close of each fiscal year and before any other transfers
33 from the General Fund, the State Controller shall transfer to the fund 20% of the amount
34 by which General Fund budgeted revenue for that fiscal year exceeds the General Fund
35 appropriation limitation calculated for that fiscal year under section 1534.

36 **Sec. 2. 5 MRSA §1518-B** is enacted to read:

37 **§1518-B. Property Tax Fairness Fund**

38 **1. Property Tax Fairness Fund.** There is created the Property Tax Fairness Fund,
39 referred to in this section as "the fund," which must be used to provide property tax relief
40 to residents of the State through the property tax fairness credit under Title 36, section
41 1519-II. The fund consists of all resources transferred to the fund under subsection 5 and

1 section 1536 and other resources made available to the fund. The fund must be used to
2 increase the amount of the property tax fairness credit pursuant to subsection 2.

3 **2. Implementation.** By September 1, 2014 and annually thereafter, the State
4 Controller shall inform the State Tax Assessor of the amount available in the fund for the
5 purposes of subsection 1.

6 A. By November 1st annually, the State Tax Assessor shall calculate the amount by
7 which the property tax fairness credit under Title 36, section 5219-II, subsection 2
8 may be increased during the subsequent income tax year using the amount available
9 from the fund. Notwithstanding the maximum credit specified in Title 36, section
10 5219-II, subsection 2 of \$300 for resident individuals under 70 years of age as of the
11 last day of the taxable year and \$400 for resident individuals 70 years of age and
12 older as of the last day of the taxable year, the maximum credit must be increased in
13 equal amounts for those resident individuals under 70 years of age and those resident
14 individuals 70 years of age and older.

15 B. The State Tax Assessor shall provide public notice of the new maximum credit
16 amounts available under the property tax fairness credit calculated under paragraph A
17 by November 15th annually.

18 C. New maximum credit amounts calculated under paragraph A apply beginning
19 with income tax years that begin on or after January 1st of the calendar year
20 following the determinations made under this subsection.

21 **3. Nonlapsing fund.** Any unexpended balance in the fund may not lapse but must
22 be carried forward to be used pursuant to subsection 2.

23 **4. Transfer for property tax fairness credit increase.** In the fiscal years
24 immediately following the calculation of the property tax fairness credit increase under
25 subsection 2, paragraph A, the State Tax Assessor shall certify to the State Controller the
26 amount of the reduction in General Fund revenue by fiscal year, and the State Controller
27 shall transfer from the fund the amount certified for the reduction in revenue attributable
28 to adjustments made under subsection 2 to the General Fund unappropriated surplus.

29 **5. Transfer from General Fund revenue growth.** Beginning with fiscal year
30 2014-15, at the close of each fiscal year and before any other transfers from the General
31 Fund, the State Controller shall transfer to the fund 20% of the amount by which General
32 Fund budgeted revenue for that fiscal year exceeds the General Fund appropriation
33 limitation calculated for that fiscal year under section 1534.

34 **Sec. 3. 5 MRSA §1536, sub-§1, ¶E,** as amended by PL 2011, c. 692, §2 and
35 affected by §3, is further amended to read:

36 E. Ten percent to the Capital Construction and Improvements Reserve Fund
37 established in section 1516-A; ~~and~~

38 F. ~~Twenty Ten~~ Ten percent to the Tax Relief Fund for Maine Residents established in
39 section 1518-A; ~~and~~

40 **Sec. 4. 5 MRSA §1536, sub-§1, ¶G** is enacted to read:

