

§5219-KK. Property tax fairness credit for tax years beginning on or after January 1, 2014

For tax years beginning on or after January 1, 2014, a Maine resident individual is allowed a property tax fairness credit as computed under this section against the taxes imposed under this Part. [PL 2013, c. 551, §3 (NEW).]

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

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

- (1) For persons filing as single individuals, \$2,000;
- (2) For persons filing joint returns or as heads of households that claim no more than 2 personal exemptions, \$2,600; and
- (3) For persons filing joint returns or as heads of households that claim 3 or more personal exemptions, \$3,200. [PL 2017, c. 474, Pt. B, §12 (AMD).]

A-1. For tax years beginning on or after January 1, 2018, "benefit base" means property taxes paid by a resident individual or the bureau pursuant to chapter 908 on behalf of the resident individual during the tax year on the resident individual's homestead in this State or rent constituting property taxes paid by the resident individual during the tax year on a homestead in the State not exceeding the following amounts:

- (1) For persons filing as single individuals, \$2,050;
- (2) For persons filing as heads of households that can claim the federal child tax credit pursuant to the Code, Section 24 for no more than one qualifying child or dependent or for persons filing joint returns, \$2,650;
- (3) For persons filing as heads of households that can claim the federal child tax credit pursuant to the Code, Section 24 for more than one qualifying child or dependent or for persons filing joint returns that can claim the federal child tax credit pursuant to the Code, Section 24 for at least one qualifying child or dependent, \$3,250; and
- (4) For tax years beginning on or after January 1, 2024, notwithstanding subparagraphs (1) and (2), for individuals 65 years of age or older, \$4,000. [PL 2023, c. 360, Pt. B, §13 (AMD); PL 2023, c. 412, Pt. S, §§1-3 (AMD).]

B. "Dwelling" means an individual house or apartment, duplex unit, cooperative unit, condominium unit, mobile home or mobile home pad. [PL 2013, c. 551, §3 (NEW).]

C. "Homestead" means the dwelling owned or rented by a taxpayer or held in a revocable living trust for the benefit of the taxpayer and occupied by the taxpayer and the taxpayer's dependents as a home and may consist of a part of a multidwelling or multipurpose building and a part of the land, up to 10 acres, upon which it is built. For purposes of this paragraph, "owned" includes a vendee in possession under a land contract, one or more joint tenants or tenants in common and possession under a legally binding agreement that allows the owner of the dwelling to transfer the property but continue to occupy the dwelling as a home until some future event stated in the agreement. [PL 2013, c. 551, §3 (NEW).]

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

- (1) Trade or business losses; capital losses; any net loss resulting from combining the income or loss from rental real estate and royalties, the income or loss from partnerships and S

corporations, the income or loss from estates and trusts, the income or loss from real estate mortgage investment conduits and the net farm rental income or loss; any loss associated with the sale of business property; and farm losses included in federal adjusted gross income;

- (2) Interest received to the extent not included in federal adjusted gross income;
- (3) Payments received under the federal Social Security Act and railroad retirement benefits to the extent not included in federal adjusted gross income; and
- (4) The following amounts deducted in arriving at federal adjusted gross income:
 - (a) Educator expenses pursuant to the Code, Section 62(a)(2)(D);
 - (b) Certain business expenses of performing artists pursuant to the Code, Section 62(a)(2)(B);
 - (c) Certain business expenses of government officials pursuant to the Code, Section 62(a)(2)(C);
 - (d) Certain business expenses of reservists pursuant to the Code, Section 62(a)(2)(E);
 - (e) Health savings account deductions pursuant to the Code, Section 62(a)(16) and Section 62(a)(19);
 - (f) Moving expenses pursuant to the Code, Section 62(a)(15);
 - (g) The deductible part of self-employment tax pursuant to the Code, Section 164(f);
 - (h) The deduction for self-employed SEP, SIMPLE and qualified plans pursuant to the Code, Section 62(a)(6);
 - (i) The self-employed health insurance deduction pursuant to the Code, Section 162(l);
 - (j) The penalty for early withdrawal of savings pursuant to the Code, Section 62(a)(9);
 - (k) Alimony paid pursuant to the Code, Section 62(a)(10);
 - (l) The IRA deduction pursuant to the Code, Section 62(a)(7);
 - (m) The student loan interest deduction pursuant to the Code, Section 62(a)(17); and
 - (n) The tuition and fees deduction pursuant to the Code, Section 62(a)(18). [PL 2017, c. 474, Pt. B, §14 (AMD).]

E. "Rent constituting property taxes" means 15% of the gross rent actually paid in cash or its equivalent during the tax year solely for the right of occupancy of a homestead in the State. For the purposes of this paragraph, "gross rent" means rent paid at arm's length solely for the right of occupancy of a homestead, exclusive of charges for any utilities, services, furniture, furnishings or personal property appliances furnished by the landlord as part of the rental agreement, whether or not expressly set out in the rental agreement. If the landlord and tenant have not dealt with each other at arm's length, and the assessor is satisfied that the gross rent charged was excessive, the assessor may adjust the gross rent to a reasonable amount for purposes of this section. [PL 2013, c. 551, §3 (NEW).]

[PL 2023, c. 360, Pt. B, §13 (AMD); PL 2023, c. 412, Pt. S, §§1-3 (AMD).]

2. Credit prior to 2018. For tax years beginning before January 1, 2018, a resident individual is allowed a credit against the taxes imposed under this Part in an amount equal to 50% of the amount by which the benefit base for the resident individual exceeds 6% of the resident individual's income. The credit may not exceed \$600 for resident individuals under 65 years of age as of the last day of the taxable year or \$900 for resident individuals 65 years of age and older as of the last day of the taxable year. In the case of married individuals filing a joint return, only one spouse is required to be 65 years

of age or older to qualify for the \$900 credit limitation. Married taxpayers filing separate returns do not qualify for the credit under this section.

[PL 2017, c. 474, Pt. B, §15 (AMD).]

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

[PL 2019, c. 343, Pt. H, §5 (AMD).]

2-B. Credit in 2020. For tax years beginning on or after January 1, 2020 and before January 1, 2021, a resident individual is allowed a credit against the taxes imposed under this Part equal to the amount by which the benefit base for the resident individual exceeds 5% of the resident individual's income. The credit may not exceed \$750 for resident individuals under 65 years of age as of the last day of the taxable year or \$1,200 for resident individuals 65 years of age and older as of the last day of the taxable year. In the case of married individuals filing a joint return, only one spouse is required to be 65 years of age or older to qualify for the \$1,200 credit limitation. Married taxpayers filing separate returns do not qualify for the credit under this section.

[PL 2021, c. 398, Pt. H, §6 (AMD).]

2-C. Credit in 2021. For tax years beginning on or after January 1, 2021 and before January 1, 2022, a resident individual is allowed a credit against the taxes imposed under this Part equal to the amount by which the benefit base for the resident individual exceeds 5% of the resident individual's income. The credit may not exceed \$1,000 for resident individuals under 65 years of age as of the last day of the taxable year or \$1,500 for resident individuals 65 years of age and older as of the last day of the taxable year. In the case of married individuals filing a joint return, only one spouse is required to be 65 years of age or older to qualify for the \$1,500 credit limitation. Married taxpayers filing separate returns do not qualify for the credit under this section.

[PL 2021, c. 398, Pt. H, §7 (NEW).]

2-D. Credit in 2022 and after. For tax years beginning on or after January 1, 2022, a resident individual is allowed a credit against the taxes imposed under this Part equal to the amount by which the benefit base for the resident individual exceeds 4% of the resident individual's income. The credit may not exceed \$1,000 for resident individuals under 65 years of age as of the last day of the taxable year or, for tax years beginning before January 1, 2024, \$1,500 for resident individuals 65 years of age and older as of the last day of the taxable year. For tax years beginning on or after January 1, 2024, for resident individuals 65 years of age and older, the credit may not exceed \$2,000. In the case of married individuals filing a joint return, only one spouse is required to be 65 years of age or older to qualify for the \$1,500 or \$2,000 credit limitation. Married taxpayers filing separate returns do not qualify for the credit under this section.

[PL 2023, c. 412, Pt. S, §4 (AMD).]

2-E. Permanently and totally disabled veterans; additional credit. For tax years beginning on or after January 1, 2023, in addition to the credit under subsection 2-D, a resident individual who is a veteran who is 100% permanently and totally disabled is allowed an additional credit against the taxes imposed under this Part in an amount equal to the amount calculated under subsection 2-D. The combined credit under subsection 2-D and this subsection may not exceed the property taxes paid by the resident individual or the bureau pursuant to chapter 908 on behalf of the resident individual during the tax year on the resident individual's homestead in this State and rent constituting property taxes paid by the resident individual during the tax year on a homestead in the State, combined. In the case of

married individuals filing a joint return, only one spouse is required to be a veteran who is 100% permanently and totally disabled to qualify for the additional credit allowed under this subsection. For the purposes of this subsection, "100% permanently and totally disabled" means having a rating by the United States Department of Veterans Affairs at 100% for one or more service-connected disabilities that are rated permanent and "veteran" has the same meaning as in section 653, subsection 1, paragraph E.

[PL 2023, c. 360, Pt. B, §14 (AMD).]

3. Refundability of credit. The tax credit under this section is refundable after the application of nonrefundable credits.

[PL 2013, c. 551, §3 (NEW).]

REVISOR'S NOTE: (Section 5219-KK as enacted by PL 2013, c. 599, §1 is REALLOCATED TO TITLE 36, SECTION 5219-LL)

SECTION HISTORY

RR 2013, c. 2, §46 (RAL). PL 2013, c. 551, §3 (NEW). PL 2013, c. 599, §1 (NEW). PL 2017, c. 211, Pt. D, §§6, 7 (AMD). PL 2017, c. 474, Pt. B, §§12-16 (AMD). PL 2019, c. 343, Pt. H, §§5, 6 (AMD). PL 2021, c. 398, Pt. H, §§6-8 (AMD). PL 2021, c. 483, Pt. AA, §1 (AMD). PL 2021, c. 635, Pt. F, §1 (AMD). PL 2021, c. 703, §1 (AMD). PL 2023, c. 360, Pt. B, §§13, 14 (AMD). PL 2023, c. 412, Pt. S, §§1-4 (AMD).

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