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An Act To Improve and Simplify the Application for Benefits under the Circuitbreaker Program

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

Sec. 1. 36 MRSA §6201, sub-§5, as amended by PL 1995, c. 368, Pt. CCC, §7 and affected by §11, is further amended to read:

5. Homestead. "Homestead" means the dwelling owned or rented by the claimant or held in a revocable living trust for the benefit of the claimant and occupied by the claimant and the claimant'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. "Owned" includes a vendee in possession under a land contract and of one or more joint tenants or tenants in common.

Sec. 2. 36 MRSA §6201, sub-§7, as enacted by PL 1987, c. 516, §§3 and 6, is amended to read:

7. Household income. "Household income" means all income received by all persons of a household in a calendar year while members of the household, excluding the income of members of the household for whom the claimant under this chapter is entitled to claim an exemption as a dependent under Part 8 for the year for which relief is requested.

Sec. 3. 36 MRSA §6201, sub-§9, as repealed and replaced by PL 2007, c. 438, §113, is amended to read:

9. Income. "Income" means Maine adjusted gross income determined in accordance with Part 8, modified as provided by this subsection.

A. Maine adjusted gross income must be increased by the following amounts, to the extent not included in Maine adjusted gross income:

(1) Contributions, including catchup contributions, to any pension, annuity or retirement plan, including contributions to an individual retirement account under Section 408 of the Code, a simplified employee pension plan, a salary reduction simplified employee pension plan, a savings incentive match plan for employees plan and a deferred compensation plan under Section 457 of the Code and cash or deferred arrangements under Section 401 of the Code and qualified, or "Keogh," accounts;

(2) ~~Nontaxable contributions to a flexible spending arrangement under Section 125 of the Code;~~

(3) ~~Amounts excluded from gross income under Section 129 of the Code;~~

- (4) Distributions from a ROTH IRA;
- (5) Capital gains;
- (6) The absolute value of the amount of trade or business loss, net operating loss carryover, capital loss, rental loss, farm loss, partnership or S Corporation loss included in Maine adjusted gross income;
- ~~(7) Inheritance;~~
- ~~(8) Life insurance proceeds paid on death of an insured;~~
- ~~(9) Nontaxable lawsuit rewards resulting from lawsuits for actions such as slander, libel and pain and suffering, excluding reimbursements such as medical and legal expenses associated with the case;~~
- (10) Support money;
- ~~(11) Nontaxable strike benefits;~~
- (12) The gross amount of any pension or annuity, including railroad retirement benefits;
- (13) All payments received under the federal Social Security Act and state unemployment insurance laws;
- (14) Veterans' disability pensions;
- (15) Nontaxable interest received from the Federal Government or any of its agencies or instrumentalities;
- (16) Interest or dividends on obligations or securities of this State and its political subdivisions and authorities;
- (17) Workers' compensation and the gross amount of "loss of time" insurance; ~~and~~
- (18) Cash public assistance and relief, but not including relief granted under this chapter; and

(19) The total nontaxable portion of the following items of income, determined as if a federal income tax return were required, but only if the total of all of the following income items exceeds \$5,000:

(a) Jury duty payments;

(b) Awards;

(c) Lawsuit awards resulting from lawsuits for actions such as slander, libel and pain and suffering, excluding reimbursements such as medical and legal expenses associated with the case;

(d) Strike benefits; and

(e) Life insurance proceeds paid on death of an insured.

B. Maine adjusted gross income must be decreased by the following amounts, to the extent included in Maine adjusted gross income:

~~(1) The first \$5,000 of proceeds from a life insurance policy, whether paid in a lump sum or in the form of an annuity;~~

(2) A rollover from an individual retirement account, pension or annuity fund or plan to an individual retirement account, pension or annuity fund or plan;

(3) Gifts from nongovernmental sources; and

(4) Surplus foods or other relief in kind supplied by a governmental agency.

Sec. 4. 36 MRSA §6203-A, as amended by PL 2009, c. 213, Pt. S, §14 and affected by §16, is repealed and the following enacted in its place:

§ 6203-A. Procedure for reimbursement

1. Application periods beginning August 1, 2012 and August 1, 2013. For application periods beginning August 1, 2012 and August 1, 2013, at least monthly on or before the last day of the month, the State Tax Assessor shall determine the benefit for each claimant under this chapter and certify the amount to the State Controller to be transferred to the so-called circuit breaker reserve

established, maintained and administered by the State Controller from General Fund undedicated revenue. At least monthly, the assessor shall pay the certified amounts to each approved applicant qualifying for the benefit under this chapter. Interest may not be allowed on any payment made to a claimant pursuant to this chapter.

2. Application periods beginning during or after January 2014; applications filed January 1st to June 30th. For application periods beginning during or after January 2014 and with respect to applications filed prior to July 1st, the State Tax Assessor shall determine the benefit for each claimant under this chapter and certify the amount to the State Controller at any time after June 30th, but no later than July 15th, to be transferred to the so-called circuit breaker reserve established, maintained and administered by the State Controller from General Fund undedicated revenue. No later than August 1st, the assessor shall pay the certified amounts to each approved applicant qualifying for the benefit under this chapter. Interest may not be allowed on any payment made to a claimant pursuant to this chapter.

3. Application periods beginning during or after January 2014; applications filed after June 30th. For application periods beginning during or after January 2014 and with respect to applications filed after June 30th but prior to the following November 15th, plus any time granted to file, at least monthly on or before the last day of the month, the State Tax Assessor shall determine the benefit for each claimant under this chapter and certify the amount to the State Controller to be transferred to the so-called circuit breaker reserve established, maintained and administered by the State Controller from General Fund undedicated revenue. At least monthly, the assessor shall pay the certified amounts to each approved applicant qualifying for the benefit under this chapter. Interest may not be allowed on any payment made to a claimant pursuant to this chapter.

Sec. 5. 36 MRSA §6204, as amended by PL 2005, c. 2, Pt. E, §3 and affected by §§7 and 8, is repealed and the following enacted in its place:

§ 6204. Filing date

1. Application period beginning August 1, 2012. For the application period beginning August 1, 2012, a claim may not be paid unless the claim is filed with the bureau on or after August 1, 2012 and on or before May 31, 2013.

2. Application period beginning August 1, 2013. For the application period beginning August 1, 2013, a claim may not be paid unless the claim is filed with the bureau on or after August 1, 2013 and on or before November 30, 2013.

3. Application periods beginning on or after January 1, 2014. For application periods beginning on or after January 1, 2014, a claim may not be paid unless the claim is filed with the bureau during or after January and on or before the following November 15th.

Sec. 6. 36 MRSA §6207, sub-§1, ¶A-1, as amended by PL 2009, c. 213, Pt. XXX, §1, is further amended to read:

A-1. Fifty percent of that portion of the benefit base that exceeds 4% but does not exceed 8% of income plus 100% of that portion of the benefit base that exceeds 8% of income to a maximum payment of ~~\$2,000~~\$3,000; and

Sec. 7. 36 MRSA §6207, sub-§2-A, as enacted by PL 2007, c. 700, Pt. A, §2, is amended to read:

2-A. Income eligibility. For application periods beginning on or after August 1, ~~2008~~2012, a single-member household with a household income in excess of ~~\$60,000~~\$80,000 and a household with 2 or more members with a household income in excess of ~~\$80,000~~\$110,000 are not eligible for a benefit.

Sec. 8. Application. This Act applies to applications filed with respect to program application periods of the Maine Residents Property Tax Program beginning on or after August 1, 2012.

SUMMARY

This bill makes the following changes to the Maine Residents Property Tax Program, also known as the Circuitbreaker Program.

The bill simplifies the income calculation by excluding from household income the income of dependents and certain miscellaneous income. It also excludes from household income other income, such as nontaxable strike benefits, but only if the total of that income is less than \$5,000.

The bill changes the time for filing an application. For calendar year 2011 benefits, the application period is August 1, 2012 through May 31, 2013. For calendar year 2012 benefits, the application period is August 1, 2013 through November 30, 2013. For benefit periods after 2012, the application must be filed during or after January and on or before November 15th of the following calendar year.

The bill expands eligibility under the program by increasing maximum income thresholds from \$60,000 to \$80,000 for single-member households and from \$80,000 to \$110,000 for households with 2 or more members. The bill also increases the maximum benefit from \$2,000 to \$3,000.