

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 Restore Benefits under the Circuitbreaker Program

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

PART A

Sec. A-1. 36 MRSA §6201, sub-§1, as amended by PL 2007, c. 539, Pt. BBBB, §1, is further amended to read:

1. Benefit base. "Benefit base" means property taxes accrued or rent constituting property taxes accrued. In the case of a claimant paying both rent and property taxes for a homestead, benefit base means both property taxes accrued and rent constituting property taxes accrued. ~~For application periods beginning on or after August 1, 2008, the~~The benefit base may not exceed ~~\$3,000~~\$3,350 for single-member households and ~~\$4,000~~\$4,400 for households with 2 or more members.

Sec. A-2. 36 MRSA §6207, sub-§2-A is enacted to read:

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

Sec. A-3. 36 MRSA §6209, sub-§3 is enacted to read:

3. Benefit base maximum adjustment. Beginning March 1, 2009, the State Tax Assessor shall annually multiply the household income eligibility adjustment factor by the maximum benefit base amounts specified in section 6201, subsection 1, as previously adjusted. The result must be rounded to the nearest \$50 and applies to the application period beginning the next August 1st.

Sec. A-4. 36 MRSA §6209, sub-§4 is enacted to read:

4. Income eligibility adjustment. Beginning March 1, 2009, the State Tax Assessor shall annually multiply the household income eligibility adjustment factor by the maximum income eligibility amounts specified in section 6207, subsection 2, as previously adjusted. The result must be rounded to the nearest \$50 and applies to the application period beginning the next August 1st.

PART B

Sec. B-1. 36 MRSA §5200-A, sub-§2, ¶H, as amended by PL 2007, c. 539, Pt. AAAA, §1, is further amended to read:

H. For each taxable year subsequent to the year of the loss, an amount equal to the absolute value of the net operating loss arising from tax years beginning on or after January 1, 1989 but before January 1, 1993 and the absolute value of the amount of any net operating loss arising from tax years

beginning on or after January 1, 2002, for which federal adjusted gross income was increased under subsection 1, paragraph H and that, pursuant to the Code, Section 172, was carried back for federal income tax purposes, less the absolute value of loss used in the taxable year of loss to offset any addition modification required by subsection 1, 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 carry-over;
- (3) The amount has not been previously used as a modification pursuant to this subsection; and
- (4) For taxable years beginning in 2008 or 2009, the amount does not exceed ~~\$100,000~~\$75,000. In the case of an affiliated group of corporations engaged in a unitary business, the ~~\$100,000~~\$75,000 threshold applies with respect to the entire affiliated group of corporations.

Sec. B-2. 36 MRSA §5200-A, sub-§2, ¶L, as amended by PL 2007, c. 539, Pt. AAAA, §2, is further amended to read:

L. An amount equal to the absolute value of any net operating loss arising from a tax year beginning or ending in 2001 for which federal taxable income was increased under subsection 1, paragraph M and that, pursuant to Section 102 of the federal Job Creation and Worker Assistance Act of 2002, Public Law 107-147, was carried back more than 2 years to the taxable year for federal income tax purposes, but only to the extent that:

- (1) Maine taxable income is not reduced below zero;
- (2) The taxable year is either within 2 years prior to the year in which the loss arose or within the allowable federal period for carry-over of net operating losses;
- (3) The amount has not been previously used as a modification pursuant to this subsection; and
- (4) For taxable years beginning in 2008 or 2009, the amount does not exceed ~~\$100,000~~\$75,000. In the case of an affiliated group of corporations engaged in a unitary business, the ~~\$100,000~~\$75,000 threshold applies with respect to the entire affiliated group of corporations.

SUMMARY

Public Law 2007, chapter 539 changed the Circuitbreaker Program by repealing indexing of the maximum benefits under the program and reverting the maximum benefit to the amounts prior to indexing.

This bill restores indexing of the maximum benefit and puts the amounts of the benefit, beginning with the application period beginning August 1, 2008, at the amounts they would have been, \$3,350 for single-member households and \$4,400 for multi-member households, but for the changes made by Public Law 2007, chapter 539. This bill also places an income cap for eligibility for benefits under the Circuitbreaker Program of \$60,000 for an individual and \$80,000 for a multi-member household and provides for the indexing of that cap.

This bill also limits the subtraction modification for the recapture of carry-back net operating losses to \$75,000 from the current \$100,000 in taxable years beginning in 2008 and 2009. Unused amounts resulting from the limitation may be carried over to future tax years that are within the federal carry-over period for net operating losses.