

# MAINE STATE LEGISLATURE

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# ONE HUNDRED AND FIFTH LEGISLATURE

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## Legislative Document

No. 1560

H. P. 1132

House of Representatives, March 16, 1971

Referred to Committee on Taxation. Sent up for concurrence and ordered printed.

BERTHA W. JOHNSON, Clerk

Presented by Mr. Pratt of Parsonsfield.

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## STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-ONE

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### AN ACT Relating to Property Tax Relief for the Elderly.

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

Sec. 1. R. S., T. 36, Chapter 106, additional. Title 36 of the Revised Statutes is amended by adding a new chapter 106, to read as follows:

#### § 1101. Purpose

Due to the tremendous rise in living costs during the past decade, including ever increasing property taxes, the failure of Federal Old Age and Survivors Insurance and similar types of pension systems to adequately reflect in their pension payments these costs, and because savings once deemed adequate for retirement living are now grossly inadequate, it is therefore deemed necessary that the Legislature grant people retired on fixed incomes some relief from real property taxes. This relief must be granted to insure that thousands of persons now retired on fixed incomes can remain in possession of their homes, thus not becoming a burden on state or local government.

#### § 1102. Application, definitions

The following persons, as heads of households, shall have their property tax waived after application as provided by this section.

1. Male. A male head of a household shall be 65 years of age or older prior to February 15th of the year in which real property is assessed and the tax levied thereon.

2. Female. A female head of a household shall be 62 years of age or older prior to February 15th of the year in which the real property is assessed and the taxes levied thereon.

3. **Head of a household.** A head of a household, as used in this section, may be any of the following: A married person, a single person, a widow or widower, a divorcé or divorcee, provided he or she is the sole support of the household.

4. **Ownership, residency.** The person claiming waiver shall have been a resident of the State of Maine for at least 10 years.

5. **Single family dwelling.** A claim for waiver can only be made for a single family dwelling which is occupied as the domicile of the person claiming waiver.

6. **Limitation.** Said single family dwelling, as provided in subsection 5, cannot be permanently occupied by anyone who is not solely dependent upon the head of the household for his support.

7. **Income.** The combined income of the head of the household and his spouse, from all sources whatsoever, shall not be in excess of \$4,000 for the calendar year immediately preceding the year in which the real property is assessed and the taxes levied thereon.

8. **Claims filed with municipal assessors.** Any person residing in a municipality who desires to secure a waiver under this section shall make a written application and file notarized written proof of entitlement on or before the first day of April, annually, with the municipal assessors. Refusal or failure to so apply and file shall constitute adequate reason for denial of such waiver. Any person signing a false claim shall be subject to civil or criminal perjury.

9. **Claims filed with the State Tax Assessor.** Any person residing in the unorganized territory of this State who desires to secure a waiver under this section shall make written application and file notarized written proof of entitlement on or before the first day of April, annually, with the State Tax Assessor. Refusal or failure to so apply and file shall constitute adequate reason for denial of such waiver. Any person signing a false claim shall be subject to civil or criminal perjury.

10. **Annual claims.** Claims for a waiver shall be made annually, as provided in subsections 8 and 9, and solely upon forms as prescribed by the municipal assessors and State Tax Assessor respectively.

11. **Fraudulent conveyance.** No real estate conveyed to any person for the purpose of obtaining a waiver under this section shall be so exempt, excepting property conveyed between husband and wife, and the obtaining of such waiver by means of fraudulent conveyance shall be punished by a fine of not less than \$500 and not more than 10 times the amount of the taxes evaded by such fraudulent conveyance, which ever amount is greater.

#### § 1103. Recovery of waived taxes

1. **Tax lien mortgage, municipality.** Any waiver granted under section 1102 to a person residing in a municipality may be recovered by said municipality filing a tax lien mortgage in accordance with sections 942 and 943; provided that the period of redemption shall be extended and no interest shall

accrue for as long as the taxpayer lives; provided further, that the notice to the taxpayer in accordance with section 942 shall include a statement to the effect that neither the taxpayer nor the taxpayer's spouse can be evicted for nonpayment of the waived amount of taxes for as long as the taxpayer lives or the surviving spouse of the taxpayer occupies the dwelling on which said waiver was granted as a home and that the demand is merely for the purpose of validating the filing of the tax lien mortgage.

For the purposes of this subsection, the lien established by section 552 shall not be defeated by the granting of a waiver under section 658.

2. Tax lien mortgage, State. Any waiver, granted under section 1102 to a person residing in the unorganized territory of the State may be recovered by the State Tax Assessor, on behalf of the State, by filing a tax lien mortgage in accordance with sections 1281 and 1282; provided that the period of redemption shall be extended and no interest shall accrue for as long as the taxpayer lives; and provided further that when the name of any person who has received a waiver under section 1102 is published in a newspaper pursuant to section 1281, it shall be noted in such published notice that said person has received a waiver pursuant to section 1102 for the taxes listed therein and the notice to the taxpayer in accordance with section 1281 shall include a statement to the effect that neither the taxpayer nor the taxpayer's surviving spouse can be evicted for nonpayment of the waived amount of the taxes for as long as the taxpayer lives or the surviving spouse of the taxpayer occupies the dwelling on which said waiver was granted as a home and that the demand is merely for the purpose of validating the filing of the tax lien mortgage.

3. Claim against the decedent taxpayer's estate. Upon the death of the person who has received a waiver under section 1102, the State or the municipality which granted said waiver shall not enforce through foreclosure its tax lien mortgage on the dwelling on which the taxes were waived while it is occupied, as a home, by the taxpayer's surviving spouse; however, the State or the municipality shall have a claim in the amount of said waiver, without interest, against the taxpayer's estate, as allowed by the probate court, and, if said municipality or the State does not recover the amount of said waiver, or any part thereof, from the taxpayer's estate, it may then enforce its tax lien mortgage against said dwelling upon the expiration of 6 months after the taxpayer's surviving spouse ceases to occupy said dwelling as a home.

If, however, upon the taxpayer's death, there is no surviving spouse or the taxpayer's surviving spouse does not occupy the dwelling on which the taxes were waived as a home, then the State or the municipality may enforce its tax lien mortgage against said dwelling, as provided by section 943, after the expiration of the 18-month period of exemption provided in section 943, or, if said period has already run and has been extended under either subsection 1 or 2, then upon the expiration of a period of 6 months after the date of death of the taxpayer.

#### § 1104. Property Tax Waiver Fund

1. **Fund.** There shall be established a Property Tax Waiver Fund.

2. **Claims by municipality.** Any municipality may make claim for reimbursement of the amount of taxes lost by reason of the granting by that municipality of waivers under section 1102. Said claim shall be made by written application to the State Tax Assessor, on or before September 1st of the year in which said waivers were granted. All such applications shall be in the form and provide such information and proof as required by the State Tax Assessor. Claims which are approved by the State Tax Assessor shall be paid to the municipality, as interest free loans, by the Treasurer of State, on or before December 1st, annually, out of the Property Tax Waiver Fund established in subsection 1.

3. **Claims by the State.** The amount of taxes lost by reason of the State's granting of waivers under section 1102 shall be transferred annually on the books of the State from the Property Tax Waiver Fund to the General Fund.

§ 1105. Repayment to fund

1. **Municipality.** When a municipality shall recover waived taxes pursuant to section 1103, subsections 1 and 3, for which it has received reimbursement under section 1104, the municipality shall pay over the amount of said recovery to the Treasurer of State, who shall credit said amount to the Property Tax Waiver Fund.

2. **State.** When the State shall recover waived taxes pursuant to section 1103, subsections 2 and 3, the amount of said recovery shall be transferred on the books of the State from the General Fund to the Property Tax Waiver Fund.

**Sec. 2. R. S., T. 36, §§ 657-659, repealed.** Sections 657 to 659 of Title 36 of the Revised Statutes, as enacted by chapter 444 of the public laws of 1969, are repealed.

**Sec. 3. Appropriation.** There is appropriated from the General Fund the sum of \$6,159,000 for the fiscal year ending June 30, 1973 to the Property Tax Waiver Fund to carry out the purposes of this Act.

### STATEMENT OF FACT

This Bill allows elderly persons with the same eligibility requirements as specified in Chapter 444 of the public law passed by the 104th Legislature and with an income of less than \$4,000. per annum, to be granted a waiver of their entire property tax, as opposed to just the increase, and for a municipality or the General Fund of the State to be reimbursed annually from a revolving fund for the taxes lost by reason of the granting of said waivers. There would be interest free liens, placed upon the property involved, but these liens would not be enforced until the death of the applicant and the funds collected would be returned to the revolving fund.