

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 923

H.P. 674

House of Representatives, March 27, 1989

Reference to the Committee on Taxation suggested and ordered printed.

Ed Pert

EDWIN H. PERT, Clerk

Presented by Representative DORE of Auburn.

Cosponsored by Senator BALDACCI of Penobscot, Senator KANY of Kennebec and Representative CARROLL of Gray.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-NINE

An Act to Establish a Property Tax Deferral Program for Maine's
Older Citizens.



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

3 Sec. 1. 36 MRSA c. 912 is enacted to read:

5 CHAPTER 912

7 PROPERTY TAX DEFERRAL PROGRAM

9 §6601. Definitions

11 As used in this chapter, unless the context otherwise
13 indicates, the following terms have the following meanings.

15 1. Claimant. "Claimant" means a person who has filed a
17 claim under this chapter and was domiciled and owned a homestead
19 in this State during the entire calendar year preceding the year
in which the person has filed a claim for deferral under this
chapter.

21 2. Homestead. "Homestead" means the dwelling owned by the
23 claimant and occupied by the claimant and the claimant's
dependents as a home. A homestead may be a part of a
25 multidwelling or multipurpose building and a part of the land
upon which it is built. A mobile home may be a homestead.

27 3. Household. "Household" means a claimant and spouse and
29 those 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.

31 4. Household income. "Household income" means all income
33 received by all persons of a household in a calendar year while
members of the household.

35 5. Income. "Income" means the sum of Maine adjusted gross
37 income determined in accordance with Part 8, the amount of
capital gains excluded from adjusted gross income; alimony;
39 support money; taxable strike benefits; the gross amount of any
pension or annuity including railroad retirement benefits; all
41 payments received under the United States Social Security Act,
state unemployment insurance laws and veterans' disability
43 pensions; nontaxable interest received from the federal
government or any of its instrumentalities; workers' compensation
45 and the gross amount of loss-of-time insurance and cash public
assistance and relief. It does not include gifts from
47 nongovernmental sources or surplus food or other relief in kind
supplied by a governmental agency.

49 6. Property taxes accrued. "Property taxes accrued" is
51 that part of property taxes levied on the homestead which
reflects the ownership percentage of the claimant and the
claimant's household. If a claimant and spouse own their

1 homestead part of the preceding tax year and rent it or a
3 different homestead for part of the same tax year, "property
4 taxes accrued" means only taxes levied on the homestead when both
5 owned and occupied by the claimant.

7 **§6602. Personal claim**

9 The right to file under this chapter shall be personal to
10 the claimant and to the claimant's spouse in the event of the
11 claimant's death.

13 **§6603. Claim to be paid from General Fund**

15 The amount of the deferral after certification by the State
16 Tax Assessor shall be paid to the municipality where the property
17 is located.

19 **§6604. Deferral limit**

21 All or any portion of annual property taxes accrued on the
22 claimant's homestead may be deferred.

23 **§6605. Limitations**

25 1. Income. Claimants with household incomes equal to or
26 less than \$32,000 are eligible.

27 2. Age. No claim may be granted which is otherwise
28 allowable under this chapter, unless at least one member of the
29 household:

31 A. Has attained the age of 62 during the year in which the
32 deferral is requested; or

33 B. Is a disabled widow or widower who has not remarried,
34 who has attained the age of 55 during the year for which
35 relief is requested and who, due to a disability, is
36 receiving federal disability payments, such as Supplemental
37 Security Income.

41 **§6606. Deed**

43 An applicant must have a recorded deed to the property for
44 which a deferral is being applied.

47 **§6607. Administration**

49 The Maine State Housing Authority shall make available forms
50 with instructions for applicants. The claim shall be in a form
51 that the State Tax Assessor may prescribe and shall be signed by
52 the applicant.

1 §6608. Interest

3 Simple interest of 5% shall be added each year to the amount
4 of deferred tax.

5

7 §6609. Repayment of deferred taxes

8

9 Upon the death of the homeowner and subsequent sale or
10 transfer of the property, or when the owner ceases to live
11 permanently on the property, the deferred taxes plus interest of
12 5% per year must be repaid to the State. That amount is due on
13 September 1st after the calendar year in which one of the events
14 in this section has occurred. If the property is devised to the
15 homeowner's children, the deferred taxes plus interest are not
due until 5 years after that date.

17 §6610. Other payments

19 The amount of deferred taxes may be reduced by making
20 payments to the Maine State Housing Authority.

21

23 §6611. Elderly tax and rent refund program

24

25 Recipients of the elderly tax and rent refund program are
26 eligible for the deferral program.

27 **Sec. 2. Appropriation.** The following funds are appropriated
28 from the General Fund to carry out the purposes of this Act.

29

1989-90 1990-91

31

32 **FINANCE, DEPARTMENT OF**

33

34 **Bureau of Taxation**

35

All Other \$150,000 \$250,000

37

39 **STATEMENT OF FACT**

41

43 This bill establishes a property tax deferral program for
44 Maine citizens over age 62, which would allow them, if income
45 eligible, to defer all or part of their property taxes until the
46 property is transferred or the homeowner dies. The owner or
47 estate would then be responsible to pay back the deferred taxes.
State funds would reimburse municipalities for the deferred taxes.