

# MAINE STATE LEGISLATURE

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L.D. 1088  
(Filing No. H-589 )

STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
114TH LEGISLATURE  
FIRST REGULAR SESSION

HOUSE AMENDMENT "**E**" to COMMITTEE AMENDMENT "A" to H.P. 776,  
L.D. 1088, Bill, "An Act to Provide Comprehensive Property Tax  
Relief"

Amend the amendment by striking out everything after the  
title and before the statement of fact and inserting in its place  
the following:

'Amend the bill by inserting after the title and before the  
enacting clause the following:

**'Emergency preamble.** Whereas, Acts of the Legislature do not  
become effective until 90 days after adjournment unless enacted  
as emergencies; and

**Whereas,** the filing period under the Family Homesaver  
Program may occur before the expiration of the 90-day period; and

**Whereas,** it is necessary for the Commission to Study  
Problems with the Municipal Assessment, Valuation and Collection  
of Property Taxes to begin its work on or before August 1, 1989;  
and

**Whereas,** in the judgment of the Legislature, these facts  
create an emergency within the meaning of the Constitution of  
Maine and require the following legislation as immediately  
necessary for the preservation of the public peace, health and  
safety; now, therefore,

Further amend the bill by striking out everything after the  
enacting clause and before the statement of fact and inserting in  
its place the following:

**'PART A**

1           Sec. 1. 36 MRSA c. 907, first 2 lines, are repealed and the  
3 following enacted in their place:

5                                   CHAPTER 907

7                                   FAMILY HOMESAVER PROGRAM ACT OF 1989

9           Sec. 2. 36 MRSA §6201, sub-§1, as enacted by PL 1987, c. 516,  
11 §§3 and 6, is amended to read:

13           1. Benefit base. "Benefit base" means property taxes  
15 accrued or rent constituting property taxes accrued, less the  
equivalent tax value of any benefit received or to be received  
through the program established in chapter 105, subchapter IV-A.

17           Sec. 3. 36 MRSA §6201, sub-§5, as enacted by PL 1987, c. 516,  
19 §§3 and 6, is amended to read:

21           5. Homestead. "Homestead" means the dwelling, owned for at  
23 least the 5 preceding calendar years or rented by the claimant,  
25 and occupied by the claimant and his the claimant's dependents as  
27 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.

29           Sec. 4. 36 MRSA §6201, sub-§8-A is enacted to read:

31           8-A. Household property. "Household property" means the  
33 goods and furnishings of a claimant's homestead including  
vehicles.

35           Sec. 5. 36 MRSA §6201, sub-§9, as enacted by PL 1987, c. 516,  
37 §§3 and 6, is repealed and the following enacted in its place:

39           9. Income. "Income" means federal adjusted gross income  
41 exclusive of any net operating loss carryover adjustments  
determined in accordance with the Code and other income not  
43 included in federal adjusted gross income including, but not  
limited to, alimony, support payments, unemployment compensation,  
45 loss of time insurance, nontaxable strike benefits,  
workers' compensation, pensions including Social Security and  
47 railroad retirement, cash public assistance or relief benefits,  
interest from obligations of states and their political  
49 subdivisions, plus any amount of loss included in federal  
adjusted gross income which exceeds an overall limit of \$25,000  
in aggregate losses used to offset income.

51 Income does not include any benefits received under this chapter

1 or gifts from nongovernmental sources or surplus foods or other  
2 relief in kind supplied by a governmental agency.

3           **Sec. 6. 36 MRSA §6201, sub-§11-B** is enacted to read:

4           **11-B. Total assets of a claimant.** "Total assets of a  
5 claimant" means the market value of all property owned by the  
6 household members exclusive of the homestead and household  
7 property less any indebtedness of the household members.

8           **Sec. 7. 36 MRSA §6201-A** is enacted to read:

9           **§6201-A. Short title**

10           This chapter shall be known and may be cited as "The Family  
11 Homesaver Program Act of 1989."

12           **Sec. 8. 36 MRSA §6207, sub-§1**, as amended by PL 1987, c. 876,  
13 §5, is repealed and the following enacted in its place:

14           **1. Benefit calculation.** For claimants representing a  
15 nonelderly household, the benefit is calculated as follows:

16           **A. Thirty-three and one-third percent of that portion of**  
17 the benefit base which exceeds 4.5% but does not exceed 8%  
18 of household income, plus 50% of that portion of the benefit  
19 base which exceeds 8% but does not exceed 10% of household  
20 income, plus 100% of the amount by which the benefit base  
21 exceeds 10% of income.

22           **Sec. 9. 36 MRSA §6207, sub-§2**, as repealed and replaced by PL  
23 1987, c. 839, §3, is repealed.

24           **Sec. 10. 36 MRSA §6207, sub-§§2-A and 2-B** are enacted to read:

25           **2-A. Income eligibility.** Claimants must have household  
26 incomes of less than \$40,000, in the year for which relief is  
27 requested and in each of the 2 preceding years, to be eligible  
28 for a benefit under this section. In addition, total assets of a  
29 claimant, exclusive of the claimant's homestead, must be less  
30 than \$50,000 in the year for which relief is requested to be  
31 eligible for a benefit under this section.

32           **2-B. Proof of eligibility.** To be eligible for benefits  
33 under this section, claimants must furnish proof of eligibility  
34 in a form to be determined by the Bureau of Taxation.

35           **Sec. 11. 36 MRSA §6212**, as enacted by PL 1987, c. 516, §§3  
36 and 6, is amended to read:

37           **§6212. Denial of claim**

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If it is determined that a claim is excessive and was filed with fraudulent intent, the claim shall be disallowed in full and, if the claim has been paid the amount paid may be recovered by assessment, and the assessment shall bear interest from the date of payment or credit of the claim, until refunded or paid, at the rate of 1% per month. The claimant in such case, and any person who assisted in the preparation or filing of such excessive claim or supplied information upon which such excessive claim was prepared, with fraudulent intent, commits a Class E crime. If it is determined that a claim is excessive and was negligently prepared, 10% of the corrected claim shall be disallowed, and if the claim has been paid the proper portion of any amount paid shall be similarly recovered by assessment, and the assessment shall bear interest at 1% per month from the date of payment until refunded. Any claimant or spouse with an unpaid liability arising from this section is disqualified from benefits under this chapter.

**Sec. 12. Appropriation.** The following funds are appropriated from the General Fund to carry out the purposes of this Part.

	1989-90	1990-91
<b>FINANCE, DEPARTMENT OF</b>		
<b>Bureau of Taxation -</b>		
<b>Low-income Tax Relief</b>		
Positions - Legislative Count	(19)	(19)
Personal Services	\$252,589	\$318,007
All Other	3,666,651	3,681,993
Capital Expenditures	80,760	
Provides funds for administrative expenses and benefits needed to implement the Family Homesaver Program. Additional appropriations for benefits are not needed in fiscal year 1990-91 due to the combining of this program with a homestead exemption program effective that year.		
<b>DEPARTMENT OF FINANCE</b>		
<b>TOTAL</b>	\$4,000,000	\$4,000,000
<b>TOTAL APPROPRIATIONS - PART A</b>	\$4,000,000	\$432,944

PART B

Sec. 1. 36 MRSA c. 105, sub-c. IV-A is enacted to read:

SUBCHAPTER IV-A

HOMESTEAD PROPERTY TAX EXEMPTIONS

§671. Definitions

As used in this subchapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Permanent residence. "Permanent residence" means that place where a person has a true, fixed and permanent home and principal establishment to which, whenever absent, the person has the intention of returning. A person may have only one permanent residence at a time, and once a permanent residence is established in a foreign state or country, it is presumed to continue until the person shows that a change has occurred.

2. Permanent resident. "Permanent resident" means a person who has established a permanent residence as defined in subsection 1.

3. Real estate used and owned as a homestead. "Real estate used and owned as a homestead" means real property less any portion of that real property used for commercial purposes.

§672. Permanent residency: factual determination by municipal assessor

Intention to establish a permanent residence in this State is a factual determination to be made, in the first instance, by the municipal assessor. Although any one factor is not conclusive of the establishment or nonestablishment of permanent residence, the following are relevant factors that may be considered by the municipal assessor in making a determination as to the intent of a person claiming a homestead exemption to establish a permanent residence in this State:

1. Formal declarations. Formal declarations of the applicant;

2. Informal statements. Informal statements of the applicant;

3. Place of employment. The place of employment of the applicant;

4. Previous permanent residency. The previous permanent

1 residency by the applicant in a state other than Maine or in  
2 another country and the date nonMaine residency was terminated;

3  
4 5. Voter registration. The place where the applicant is  
5 registered to vote;

6  
7 6. Driver's license. The place of issuance of a driver's  
8 license to the applicant;

9  
10 7. License tag. The place of issuance of a license tag on  
11 any motor vehicle owned by the applicant;

12  
13 8. Federal income tax returns. The address as listed on  
14 federal income tax returns filed by the applicant; or

15  
16 9. Maine intangible tax returns. The previous filing of  
17 Maine intangible tax returns by the applicant.

18 §673. Exemption of homesteads

19  
20 1. Definitions. As used in this section, unless the  
21 context otherwise indicates, the following terms have the  
22 following meanings.

23  
24 A. "Cooperative apartment corporation" means a corporation,  
25 whether for profit or nonprofit, organized for the purpose  
26 of owning, maintaining and operating an apartment building  
27 or apartment buildings to be occupied by its stockholders or  
28 members.

29  
30 B. "Tenant-stockholder or member" means an individual who  
31 is entitled, solely by reason of that individual's ownership  
32 of stock or membership in a cooperative apartment  
33 corporation, to occupy for dwelling purposes an apartment in  
34 a building owned by that corporation. A corporation leasing  
35 land for a term of 98 years or more for the purpose of  
36 maintaining and operating a cooperative apartment on that  
37 land shall be considered the owner for purposes of this  
38 exemption.

39  
40 2. Amount of exemption. Every person who has the legal  
41 title or beneficial title in equity to real property in this  
42 State and who resides on that real property, and in good faith  
43 makes the same that person's permanent residence or the permanent  
44 residence of another or others legally or naturally dependent  
45 upon that person, is entitled to an exemption from all taxation,  
46 except for assessments for special benefits of 5% of just  
47 valuation up to the just valuation of \$90,000 on the residence  
48 and up to 10 acres of contiguous real property. The title may be  
49 held jointly or in common with others, and the exemption may be  
50 apportioned among the owners that reside on the property, to the  
51 extent of their respective interests; but no exemption of more

1 than 5% of the first \$90,000 of just value may be allowed to any  
2 one person or on any one dwelling house, except that an exemption  
3 up to 5% of the first \$90,000 of just value may be allowed on  
4 each apartment occupied by a tenant-stockholder or member of a  
5 cooperative apartment corporation and on each condominium parcel  
6 occupied by its owner; nor shall the amount of the exemption  
7 allowed any person exceed the proportionate just valuation based  
8 on the interest owned by that person.

9  
10 3. Applicability. The exemption provided in this section  
11 applies only to those parcels classified and assessed as  
12 owner-occupied residential property or only to the portion of  
13 property classified and assessed as owner-occupied residential  
14 property.

15  
16 4. Exemptions in addition to other exemptions. The  
17 exemptions provided in subchapter IV, sections 653 and 654, shall  
18 be in addition to the homestead exemption.

19 §674. Forms

20  
21 The Bureau of Taxation shall furnish to the municipal  
22 assessor of each municipality a sufficient number of printed  
23 forms to be filed by taxpayers claiming to be entitled to the  
24 exemption and shall prescribe the content of those forms by rule.

25  
26 §675. Application

27  
28 1. Filing claims. At the time each taxpayer files claim  
29 for a homestead exemption, the municipal assessor shall deliver  
30 to the taxpayer a receipt over the municipal assessor's  
31 signature, or that of an authorized designee, which shall  
32 appropriately identify the property covered in the application,  
33 shall bear the date the application is received by the municipal  
34 assessor and shall include any serial number or other identifying  
35 data desired by the municipal assessor. The possession of the  
36 receipt constitutes conclusive proof of the timely filing of the  
37 application.

38  
39 2. False filing. Any person who knowingly gives false  
40 information for the purpose of claiming homestead exemption as  
41 provided for in this chapter is guilty of a Class E crime.

42  
43 3. Reapplication. Any municipality may, at the request of  
44 the municipal assessor and by majority vote of its governing  
45 body, waive the requirement that an annual application be made  
46 for exemption for property within the municipality after an  
47 initial application is made and exemption granted, except that  
48 reapplication shall be required when any property granted an  
49 exemption is sold or otherwise disposed of, when the ownership  
50 changes in any manner or when the applicant for homestead  
51 exemption ceases to use the property as a homestead. In its



1 deliberations on whether to waive the annual application  
2 requirement, the governing body shall consider the possibility of  
3 fraudulent homestead exemption claims which may occur due to the  
4 waiver of the annual application requirement. It is the duty of  
5 the owner of any property granted an exemption who is not  
6 required to file an annual application to notify the municipal  
7 assessor promptly whenever the use of the property changes so as  
8 to change the exempt status of the property. Any property owner  
9 who fails to notify the municipal assessor shall be subject to the  
10 provisions of section 678. This subsection shall apply only  
11 to exemptions requested pursuant to this section.

13 **§676. Duty of municipal assessor**

15 The municipal assessor shall examine each claim for  
16 exemption filed with the municipal assessor and if the claim is  
17 found to be in accordance with law, shall mark the claim approved  
18 and make the proper deductions on the tax books.

19 **§677. Homestead exemptions; approval; refusal; hearings**

21 The municipal assessors of the several municipalities of the  
22 State shall, as soon as practicable after April 1st of each  
23 current year and on or before July 1st of that year, carefully  
24 consider all applications for tax exemptions that have been filed  
25 in their respective offices on or before March 1st of that year.  
26 If, upon investigation, the municipal assessor finds that the  
27 applicant is entitled to the tax exemption applied for under the  
28 law, the municipal assessor shall make entries upon the tax rolls  
29 of the municipality necessary to allow the exemption to the  
30 applicant. If, after due consideration, the municipal assessor  
31 finds that the applicant is not entitled under the law to the  
32 exemption, the municipal assessor shall immediately make out a  
33 notice of disapproval that includes the reasons for disapproval.  
34 A copy of the notice shall be served upon the applicant by the  
35 municipal assessor either by personal delivery or by registered  
36 mail to the post office address given by the applicant, and the  
37 municipal assessor shall file the notice with the clerk of the  
38 State Board of Property Tax Review. The notice of disapproval of  
39 application for the exemption, when filed with the board,  
40 constitutes an appeal of the applicant to the board from the  
41 decision of the municipal assessor refusing to allow the  
42 exemption, and the board shall review the application and  
43 evidence presented to the municipal assessor upon which the  
44 applicant based the claim for exemption and shall hear the  
45 applicant in person or by agent on behalf of the applicant's  
46 right to an exemption. The board shall reverse the decision of  
47 the municipal assessor and grant the exemption to the applicant  
48 if in its judgment the applicant is entitled to the exemption or  
49 affirm the decision of the municipal assessor. The action of the  
50 board is final unless the applicant, within 15 days from the date  
51 of refusal of the application by the board, files in the District

1 Court of the county in which the homestead is situated a  
2 proceeding against the municipal assessor for a declaratory  
3 judgment or other appropriate proceeding. The failure of the  
4 taxpayer to appear before the municipal assessor or State Board  
5 of Property Tax Review or to file any paper other than the  
6 application as in section 675 shall not constitute any bar or  
7 defense to further proceedings.

9 §678. Lien imposed on property of person claiming exemption  
10 although not permanent resident .

11  
12 1. Tax lien. When the estate of any person is being  
13 probated or administered in another state under an allegation  
14 that that person was a resident of that state and the estate of  
15 that person contains real property situated in this State upon  
16 which a homestead exemption has been allowed pursuant to section  
17 675 for any year or years within 10 years immediately prior to  
18 the death of the person, then within 3 years after the death of  
19 that person the assessor of the municipality where the real  
20 property is located shall, upon knowledge of that fact, record a  
21 notice of tax lien against the property among the public records  
22 of that municipality and the property shall be subject to the  
23 payment of all taxes previously found exempt, plus 15% interest  
24 per year, unless the District Court having jurisdiction over the  
25 ancillary administration in this State determines that the  
26 decedent was a permanent resident of this State during the year  
27 or years an exemption was allowed, in which case the lien shall  
28 not be filed or, if filed, shall be canceled of record by the  
29 municipal assessor of the municipality where the real estate is  
30 located.

31  
32 2. Property subject to tax. In addition to subsection 1,  
33 upon determination by the municipal assessor that for any year or  
34 years within the prior 10 years a person who was not entitled to  
35 a homestead exemption was granted a homestead exemption from ad  
36 valorem taxes, that person's property that is situated in this  
37 State shall be subject to the taxes previously exempted, plus 15%  
38 interest per year.

39  
40 3. Collection. The collection of taxes provided in this  
41 section shall be in the same manner as existing ad valorem taxes  
42 and the procedure for recapturing taxes under this section shall  
43 be supplemental to any existing provision under the laws of this  
44 State.

45  
46 4. Notice. The lien provided in this section does not  
47 attach to the property until the notice of tax lien is filed  
48 among the public records of the municipality where the property  
49 is located. Prior to the filing of the notice of lien, any  
50 purchaser for value of the subject property shall take free and  
51 clear of the lien.



1 and on which an assessment has been determined against the owner.

3 2. Bureau. "Bureau" means the Bureau of Taxation.

5 3. Homestead. "Homestead" means the owner-occupied  
7 principal dwelling, either real or personal property, owned by  
9 the taxpayer and up to 10 contiguous acres upon which it is  
11 located. If the homestead is located in a multi-unit building,  
13 the homestead is the portion of the building actually used as the  
15 principal dwelling and its percentage of the value of the common  
17 elements and of the value of the tax lot upon which it is built.  
19 The percentage is the value of the unit consisting of the  
21 homestead compared to the total value of the building exclusive  
23 of the common elements, if any.

15 4. Tax-deferred property. "Tax-deferred property" means  
17 the property upon which taxes are deferred under this chapter.

19 5. Taxes. "Taxes" or "property taxes" means ad valorem  
21 taxes, assessments, fees and charges entered on the assessment  
23 and tax roll.

23 6. Taxpayer. "Taxpayer" means an individual who has filed  
25 a claim for deferral under this chapter or individuals who have  
27 jointly filed a claim for deferral under this chapter.

27 §6251. Deferral of tax on homestead; joint election; age  
29 requirement; filing claim

29 1. Filing claim. Subject to section 6252, an individual,  
31 or 2 or more individuals jointly, may elect to defer the property  
33 taxes on their homestead by filing a claim for deferral with the  
35 municipal assessor after January 1st and on or before April 1st  
37 of the first year in which deferral is claimed if:

35 A. The individual, or in the case of 2 or more individuals  
37 filing a claim jointly, each individual is 65 years of age  
39 or older on April 1st of the year in which the claim is  
41 filed; and

41 B. The individual has, or in the case of 2 or more  
43 individuals filing a claim jointly, all of the individuals  
45 together have, household income, as defined in section 6201,  
47 subsection 7, of less than \$32,000 for the calendar year  
49 immediately preceding the calendar year in which the claim  
51 is filed.

47 The municipal assessor shall forward each claim filed under this  
49 subsection to the bureau within 15 days of receipt, which shall  
51 determine if the property is eligible for deferral.

51 2. Property tax deferral. When the taxpayer elects to

1 defer property taxes for any year by filing a claim for deferral  
2 under subsection 1, it shall have the effect of:

3  
4 A. Deferring the payment of the property taxes levied on  
5 the homestead for the municipal fiscal year beginning on or  
6 after April 1st of that year;

7  
8 B. Continuing deferral of the payment by the taxpayer of  
9 any property taxes deferred under this chapter for previous  
10 years that have not become delinquent under section 6260; and

11  
12 C. Continuing the deferral of the payment by the taxpayer  
13 of any future property taxes for as long as the provisions  
14 of section 6252 are met.

15  
16 3. Guardian compliance. If a guardian or conservator has  
17 been appointed for an individual otherwise qualified to obtain  
18 deferral of taxes under this chapter, the guardian or conservator  
19 may act for that individual in complying with this chapter.

20  
21 4. Trustee compliance. If a trustee of an inter vivos  
22 trust which was created by and is revocable by an individual, who  
23 is both the trustor and a beneficiary of the trust and who is  
24 otherwise qualified to obtain a deferral of taxes under this  
25 chapter, owns the fee simple estate under a recorded instrument  
26 of sale, the trustee may act for the individual in complying with  
27 this chapter.

28  
29 5. Spouse not required to claim. Nothing in this section  
30 may be construed to require a spouse of an individual to file a  
31 claim jointly with the individual even though the spouse may be  
32 eligible to claim the deferral jointly with the individual.

33  
34 6. Appeal. Any person aggrieved by the denial of a claim  
35 for deferral of homestead property taxes or disqualification from  
36 deferral of homestead property taxes may appeal in the manner  
37 provided in chapter 101, subchapter II-A.

38 §6252. Property entitled to deferral

39  
40 In order to qualify for tax deferral under this chapter, the  
41 property must meet all of the following requirements when the  
42 claim is filed and thereafter as long as the payment of taxes by  
43 the taxpayer is deferred.

44  
45 1. Claimant's homestead. The property must be the  
46 homestead of the individual or individuals who file the claim for  
47 deferral, except for an individual required to be absent from the  
48 homestead by reason of health.

49  
50 2. Fee simple estate. The person claiming the deferral  
51 must, solely or together with the person's spouse, own the fee

1 simple estate or be purchasing the fee simple estate under a  
2 recorded instrument of sale, or 2 or more persons must together  
3 own or be purchasing the fee simple estate with rights of  
4 survivorship under a recorded instrument of sale if all owners  
5 live in the homestead and if all owners apply for the deferral  
6 jointly.

7  
8 3. No prohibitions. There must be no prohibition to the  
9 deferral of property taxes contained in any provision of federal  
10 law, rule or regulation applicable to a mortgage, trust deed,  
11 land sale contract or conditional sale contract for which the  
12 homestead is security.

13 **§6253. Claim forms; contents**

14  
15 1. Administration. A taxpayer's claim for deferral under  
16 this chapter shall be in writing on a form supplied by the bureau  
17 and shall:

18 A. Describe the homestead;

19  
20 B. Recite facts establishing the eligibility for the  
21 deferral under the provisions of this chapter, including  
22 facts that establish that the household income as defined in  
23 section 6201, subsection 7, of the individual, or in the  
24 case of 2 or more individuals claiming the deferral jointly,  
25 was less than \$32,000 for the calendar year immediately  
26 preceding the calendar year in which the claim is filed; and

27  
28 C. Have attached any documentary proof required by the  
29 bureau to show that the requirements of section 6252 have  
30 been met.

31  
32 2. Statement verification. There shall be annexed to the  
33 claim a statement verified by a written declaration of the  
34 applicant making the claim to the effect that the statements  
35 contained in the claim are true.

36  
37 **§6254. State liens against tax-deferred property**

38  
39 1. Lien. The bureau shall have a lien against the  
40 tax-deferred property for the payment of the deferred taxes plus  
41 interest thereon and any fees paid to the county clerk by the  
42 bureau in connection with the recording, release or satisfaction  
43 of the lien. The liens for deferred taxes shall attach to the  
44 property on April 1st of the year in which the taxes were  
45 assessed. The deferred property tax liens shall have the same  
46 priority as other real property tax liens except that the lien of  
47 mortgages or trust deeds that are recorded prior to the  
48 attachment of the lien for deferred taxes shall be prior to the  
49 liens for deferred taxes.  
50  
51

1           2. Foreclosure. The lien may be foreclosed by the bureau.  
2           Reasonable attorney's fees at trial and on appeal and costs may  
3           be granted the bureau in a suit for foreclosure of its lien.

5           3. Foreclosure receipts. Receipts from foreclosure  
6           proceedings shall be credited in the same manner as other  
7           repayments of deferred property taxes under section 6266.

9           §6255. Listing of tax-deferred property; interest accrual

11           1. Tax-deferred property list. If eligibility for deferral  
12           of homestead property is established as provided in this chapter,  
13           the bureau shall notify the municipal assessor and the municipal  
14           assessor shall show on the current ad valorem assessment and tax  
15           roll which property is tax-deferred property by an entry clearly  
16           designating that property as tax-deferred property.

17           2. Tax statement. When requested by the bureau, the  
18           municipal tax collector shall send to the bureau as soon as the  
19           taxes are extended upon the roll the tax statement for each  
20           tax-deferred property.

21           3. Interest. Interest shall accrue on the actual amount of  
22           taxes advanced to the municipality for the tax-deferred property  
23           at the rate of 6% per annum.

24           §6256. Recording liens in county; recording constitutes notice  
25           of state lien

26           1. Recording of liens. For each municipality in which  
27           there is tax-deferred property, the bureau shall cause to be  
28           recorded in the mortgage records of the county, a list of  
29           tax-deferred properties of that municipality. The list shall  
30           contain a description of the property as listed on the assessment  
31           roll together with the name of the owner listed thereon. The  
32           list shall be corrected each time an additional deferral occurs  
33           or partial payments are received.

34           2. Notice of recording. The recording of the tax-deferred  
35           properties under subsection 1 is notice that the bureau claims a  
36           lien against those properties in the amount of the deferred taxes  
37           plus interest together with any fees paid to the county clerk in  
38           connection with the recording, release or satisfaction of the  
39           lien, even though the amount of taxes, interest or fees is not  
40           listed.

41           §6257. Municipal tax collector to receive amount equivalent to  
42           deferred taxes from State

43           1. Amount of deferred taxes. Upon determining the amount  
44           of deferred taxes on tax-deferred property for the tax year, the  
45           bureau shall pay to the respective municipal tax collectors an

1 amount equivalent to the deferred taxes. Payment shall be made  
2 from the revolving account established under section 6266.

3  
4 2. Accounts maintained. The bureau shall maintain accounts  
5 for each deferred property and shall accrue interest only on the  
6 actual amount of taxes advanced to the municipality.

7  
8 §6258. Notice to taxpayer regarding duty to claim deferral  
9 annually

10  
11 1. Annual deferral notice. On or before December 15th of  
12 each year, the bureau shall send a notice to each taxpayer who  
13 has claimed deferral of property taxes for the current tax year.  
14 The notice shall:

15 A. Inform the taxpayer that the property taxes have been  
16 deferred in the current year;

17  
18 B. Show the total amount of deferred taxes remaining unpaid  
19 since initial application for deferral and the interest  
20 accruing therein to November 15th of the current year;

21  
22 C. Inform the taxpayer that voluntary payment of the  
23 deferred taxes may be made at any time to the bureau; and

24  
25 D. Contain any other information that the bureau considers  
26 necessary to facilitate administration of the homestead  
27 deferral program including, but not limited to, the right of  
28 the taxpayer to submit any amount of money to reduce the  
29 total amount of the deferred taxes and interest.

30  
31 2. Notice mailed. The bureau shall give the notice  
32 required under subsection 1 by mail sent to the residence address  
33 of the taxpayer as shown in the claim for deferral or as  
34 otherwise determined by the bureau to be the correct address of  
35 the taxpayer.

36  
37 §6259. Events requiring payment of deferred tax and interest

38  
39 Subject to section 6261, all deferred property taxes,  
40 including accrued interest, become payable as provided in section  
41 6260 when:

42  
43 1. Death of claimant. The taxpayer who claimed deferment  
44 of collection of property taxes on the homestead dies or, if  
45 there was more than one claimant, the survivor of the taxpayers  
46 who originally claimed deferment of collection of property taxes  
47 under section 6251 dies;

48  
49 2. Sale of property. The property with respect to which  
50 deferment of collection of taxes is claimed is sold, a contract  
51 to sell is entered into, or some person other than the taxpayer



1 who claimed the deferment becomes the owner of the property;

3 3. Claimant moves. The tax-deferred property is no longer  
5 the homestead of the taxpayer who claimed the deferral, except in  
7 the case of a taxpayer required to be absent from that  
9 tax-deferred property by reason of health; or

11 4. Removal of home. The tax-deferred property, a mobile or  
13 floating home, is moved out of the State.

15 §6260. Time for payments; delinquencies

17 Whenever any of the circumstances listed in section 6259  
19 occurs:

21 1. Continuation of assessment year. The deferral of taxes  
23 for the assessment year in which the circumstance occurs shall  
25 continue for that assessment year;

27 2. Deferred property taxes due. The amounts of deferred  
29 property taxes, including accrued interest, for all years shall  
31 be due and payable to the bureau April 15th of the year following  
33 the calendar year in which the circumstance occurs, except as  
35 provided in subsection 3 and section 6261;

37 3. Out-of-state move. Notwithstanding the provisions of  
39 subsection 2 and section 6263, when the circumstance listed in  
41 section 6259, subsection 4, occurs, the amount of deferred taxes  
43 shall be due and payable 5 days before the date of removal of the  
45 property from the State; and

47 4. Delinquency. If the amounts falling due as provided in  
49 this section are not paid on the indicated due date or as  
51 extended under section 6263, those amounts shall be deemed  
delinquent as of that date and the property shall be subject to  
foreclosure as provided in section 6254.

§6261. Election by spouse to continue tax deferral

1. Continuation by spouse. When one of the circumstances  
listed in section 6259, subsections 1 to 3 occurs, the spouse who  
did not or was not eligible to file a claim jointly with the  
taxpayer may continue the property in its deferred tax status by  
filing a claim within the time and in the manner provided under  
section 6251 if:

A. The spouse of the taxpayer is or will be 60 years of age  
or older not later than 6 months from the day the  
circumstance listed in section 6259, subsections 1 to 3  
occurs; and

B. The property is the homestead of the spouse of the

1 taxpayer and meets the requirements of section 6252,  
2 subsection 2.

3  
4 2. Continuation of deferral by spouse. A spouse who does  
5 not meet the age requirements of subsection 1, paragraph A, but  
6 is otherwise qualified to continue the property in its  
7 tax-deferred status under subsection 1 may continue the deferral  
8 of property taxes deferred for previous years by filing a claim  
9 within the time and in the manner provided under section 6251.  
10 If a spouse eligible for and continuing the deferral of taxes  
11 previously deferred under this subsection becomes 62 years of age  
12 prior to April 1st of any year, the spouse may elect to continue  
13 the deferral of previous years' taxes deferred under this  
14 subsection and may elect to defer the current assessment year's  
15 taxes on the homestead by filing a claim within the time and in  
16 the manner provided under section 6251. Thereafter, payment of  
17 the taxes levied on the homestead and deferred under this  
18 subsection and payment of taxes levied on the homestead in the  
19 current assessment year and in future years may be deferred in  
20 the manner provided in and subject to this chapter.

21  
22 3. Filing extension. Notwithstanding that section 6251  
23 requires that a claim be filed no later than April 1st, if the  
24 bureau determines that good and sufficient cause exists for the  
25 failure of a spouse to file a claim under this section on or  
26 before April 1st, the claim may be filed within 90 days after  
27 notice of taxes due and payable under section 6260 is mailed or  
28 delivered by the department to the taxpayer or spouse.

29 **§6262. Voluntary payment of deferred tax and interest**

30  
31 1. Payments. All payments of deferred taxes shall be made  
32 to the bureau.

33  
34 2. Taxes and interest. Subject to subsection 3, all or  
35 part of the deferred taxes and accrued interest may at any time  
36 be paid to the bureau by:

37  
38 A. The taxpayer or the spouse of the taxpayer; or

39  
40 B. The next of kin of the taxpayer, heir at law of the  
41 taxpayer, child of the taxpayer or any person having or  
42 claiming a legal or equitable interest in the property.

43  
44 3. Notice of payment. A person listed in subsection 2,  
45 paragraph B, may make the payments only if no objection is made  
46 by the taxpayer within 30 days after the bureau deposits in the  
47 mail notice to the taxpayer of the fact that the payment has been  
48 tendered.

49  
50 4. Payment application. Any payment made under this  
51 section shall be applied first against accrued interest and any

1 remainder against the deferred taxes. This payment does not  
3 affect the deferred-tax status of the property. Unless otherwise  
5 provided by law, this payment does not give the person paying the  
taxes any interest in the property or any claim against the  
estate, in the absence of a valid agreement to the contrary.

7 5. Lien discharge. When the deferred taxes and accrued  
9 interest are paid in full and the property is no longer subject  
11 to deferral, the bureau shall prepare and record in the county in  
13 which the property is located a lien discharge.

15 §6263. Extension of time for payment upon death of claimant or  
17 spouse

19 1. Payment extension. If the taxpayer who claimed  
21 homestead property tax deferral dies, or if a spouse who  
23 continued the deferral under section 6261 dies, the bureau may  
25 extend the time for payment of the deferred taxes and interest  
27 accruing with respect to the taxes becoming due and payable under  
29 section 6260, subsection 2, if:

31 A. The homestead property becomes property of an individual  
33 or individuals:

35 (1) By inheritance or devise; or

37 (2) If the individual or individuals are heirs or  
39  devisees in the course of settlement of the estate;

41 B. An individual or individuals commence occupancy of the  
43 property as a principal residence on or before August 15th  
45 of the calendar year following the calendar year of death; or

47 C. An individual or individuals make application to the  
49 bureau for an extension of time for payment of the deferred  
51 taxes and interest prior to August 15th of the calendar year  
following the calendar year of death.

53 2. Extension terms. Subject to paragraph B, an extension  
55 granted under this section shall be for a period not to exceed 5  
57 years after August 15th of the calendar year following the  
59 calendar year of death. The terms and conditions under which the  
61 extension is granted shall be in accordance with a written  
63 agreement entered into by the bureau and the individual or  
65 individuals.

67 An extension granted under this section shall terminate  
69 immediately if:

71 A. The homestead property is sold or otherwise transferred  
73 by any party to the extension agreement;

1           B. All of the heirs or devisees who are parties to the  
3           extension agreement cease to occupy the property as a  
          principal residence; or

5           C. The homestead property, a mobile or floating home, is  
7           moved out of the State.

9           3. Accrued interest. During the period of extension, and  
11          until paid, the deferred taxes shall continue to accrue interest  
13          in the same manner and at the same rate as provided under section  
15          6255, subsection 3. No interest may accrue upon interest.

13          §6264. Limitations

15           Nothing in this chapter is intended to or may be construed  
17           to:

19           1. Foreclosure. Prevent the collection, by foreclosure, of  
21           property taxes which become a lien against tax-deferred property;

23           2. Benefited property. Defer payment of special  
25           assessments to benefited property which do not appear on the  
27           assessment and tax roll; or

29           3. Land provisions. Affect any provision of any mortgage,  
31           or other instrument relating to land, requiring a person to pay  
33           property taxes.

35          §6265. Deed or contract clauses preventing application for  
37          deferral prohibited; clauses void

39           After the effective date of this chapter, it shall be  
41           unlawful for any mortgage trust deed or land sale contract to  
43           contain a clause or statement that prohibits the owner from  
45           applying for the benefits of the deferral of homestead property  
47           taxes provided in this chapter. Any such clause or statement in  
49           a mortgage trust deed or land sale contract executed after the  
51           effective date of this chapter shall be void.

53          §6266. Senior Property Tax Deferral Revolving Account; sources;  
55          uses

57           1. Revolving account. This section establishes in the  
59           State Treasury the Senior Property Tax Deferral Revolving Account  
61           to be used by the bureau for the purpose of making the payments  
63           to municipal tax collectors of property taxes deferred for tax  
65           years beginning on or after April 1, 1990, as required by section  
67           6257.

69           2. Advancement of funds. The funds necessary to make  
71           payments under subsection 1 shall be advanced to the bureau from  
73           time to time as necessary by the Treasurer of State as an

1 appropriation from the General Fund.

3 3. Payments credited. All sums of money received by the  
 5 bureau under this chapter as repayments of deferred property  
 7 taxes including the interest accrued under section 6255,  
subsection 3, shall, upon receipt, be credited to the revolving  
account and shall be available for the purposes of subsection 1.

9 4. Appropriation request. If there is not sufficient money  
 11 in the revolving account to make the payments required by  
 13 subsection 1, the State Tax Assessor shall request an  
 15 appropriation from the General Fund which together with the money  
in the revolving account will provide an amount sufficient to  
make the required payments.

17 5. General Fund reimbursement. When the bureau determines  
 19 that funds in sufficient amounts are available in the revolving  
account, the bureau shall repay to the General Fund the amounts  
advanced as appropriations under subsection 2, plus accrued  
interest.

21 **Sec. 2. Review.** The State Tax Assessor shall review the  
 23 administrative, legal and technical requirements of this Part to  
 25 ensure compliance with existing administrative procedures. This  
 27 review may include discussions with other states that currently  
 29 operate tax deferral programs and shall be completed prior to  
 31 January 1, 1990. The State Tax Assessor shall submit the results  
 of this review, together with any necessary implementing or  
 correcting legislation, to the Joint Standing Committee on  
 Taxation in the Second Regular Session of the 114th Legislature.

33 **Sec. 3. Appropriation.** The following funds are appropriated  
 from the General Fund to carry out the purposes of this Part.

	1989-90	1990-91
<b>FINANCE, DEPARTMENT OF</b>		
<b>Bureau of Taxation -</b>		
<b>Elderly Tax Deferral</b>		
	(2)	(2)
Positions - Legislative Count		
Personal Services	\$32,580	\$68,418
All Other	12,500	375,000
Capital Expenditures	10,000	
<b>DEPARTMENT OF FINANCE</b>		
<b>TOTAL</b>	<u>\$55,080</u>	<u>\$443,418</u>
<b>TOTAL APPROPRIATIONS - PART C</b>	<u>\$55,080</u>	<u>\$443,418</u>

PART D

1  
3           **Sec. 1. Commission established; membership.** The Commission to  
5 Study Problems with the Municipal Assessment, Valuation and  
7 Collection of Property Taxes is established. The commission  
9 shall consist of 9 members, appointed in the following manner: 3  
11 members of the House of Representatives appointed by the Speaker  
13 of the House of Representatives; 2 Senators appointed by the  
15 President of the Senate; the Director of the Property Tax  
Division, Bureau of Taxation, Department of Finance; one school  
official; and 2 municipal officials appointed jointly by the  
Speaker of the House of Representatives and the President of the  
Senate. The Speaker of the House of Representatives and the  
President of the Senate shall promptly notify the Legislative  
Council of the appointments.

17           **Sec. 2. Commission charged.** The commission shall study  
19 taxpayers' general dissatisfaction with property taxes to find  
21 the reasons for property taxpayers' frustrations and the causes  
of local anti-property tax pressures. Specifically, the  
commission shall:

23           1. Examine the problems, if any, preventing municipalities  
25 from adopting the State of Maine Assessment Manual. The  
commission shall investigate ways to encourage municipalities  
27 that do not presently use the manual to adopt the manual for  
their assessment of property;

29           2. Examine the method municipalities use to collect property  
31 taxes and explore whether alternative methods, such as quarterly  
or more frequent payment schedules, would be more acceptable to  
33 taxpayers;

35           3. Study whether the state payment to low-income and elderly  
37 taxpayers under the tax circuit breaker programs could be  
credited to the property taxes owed rather than made as direct  
39 payments to the taxpayer. The commission should assess whether  
this would make a clearer connection between the circuit breaker  
and the property tax and give town officials some recognition  
41 that property taxes have been reduced; and

43           4. Study whether the inequities in the assessments of  
45 residential properties within a municipality and between  
residential and other types of property within a municipality can  
be reduced. For assessments to be equitable, each property  
47 should be assessed at the same percent of full value.

49           **Sec. 3. Convening of commission.** When the appointment of all  
51 commission members is completed, the Chair of the Legislative  
Council shall call the first meeting. The first meeting shall be  
called on or before August 1, 1989. At the first meeting, the  
members shall elect a chair and other officers.

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**Sec. 4. Report.** The commission shall present its findings, together with any recommended legislation to the Second Regular Session of the 114th Legislature.

**Sec. 5. Staff; compensation.** The commission may request necessary staff assistance from the Legislative Council. The members of the commission who are Legislators shall receive the legislative per diem, as defined in the Maine Revised Statutes, Title 3, section 2, for days in attendance at commission meetings and subcommittee meetings. All members of the commission shall receive reimbursement for expenses upon application to the Executive Director of the Legislative Council.

**Sec. 6. Appropriation.** The following funds are appropriated from the General Fund to carry out the purposes of this Part.

1989-90

**LEGISLATURE**

**Study Commissions - Funding**

Personal Services	\$1,650
All Other	5,500

Provides funding for the Commission to Study Problems with Municipal Assessment, Valuation and Collection of Property Taxes.

**LEGISLATURE  
TOTAL**

\$7,150

**TOTAL APPROPRIATIONS - PART D**

\$7,150

**Emergency clause.** In view of the emergency cited in the preamble, this Act shall take effect on July 1, 1989, except as otherwise indicated.

**FISCAL NOTE**

If enacted this bill would have the following effect on the General Fund.

Part A would require an appropriation of \$4,000,000 in fiscal year 1989-90 and \$4,000,000 in fiscal year 1990-91.

Part B would require an appropriation of \$55,080 in fiscal year 1989-90 and \$15,093,418 in fiscal year 1990-91.

1

Part C would require an appropriation of \$55,080 in fiscal year 1989-90 and \$443,418 in fiscal year 1990-91.

3

5

Part D would require an appropriation of \$7,150 in fiscal year 1989-90.

7

9

The total effect of increased appropriations and the loss of revenue to the General Fund of this bill is as follows:

11

FY 1989-90

FY 1990-91

Biennium

13

\$4,110,160

\$19,536,839

\$23,646,996'

15

### STATEMENT OF FACT

17

19

Part A of this amendment replaces the Household Tax and Rent Refund Act with the Family Homesaver Program Act of 1989. Although many sections of the Household Tax and Rent Refund Act would remain unchanged, this amendment modifies the eligibility requirements, definitions and the benefit calculations provided by the Act.

21

23

25

Part B of the amendment creates a homestead exemption program.

27

29

Part C of the amendment alleviates property tax burdens on persons, age 65 years and older, by establishing provisions for a property tax deferral program.

31

33

35

37

Part D of the amendment establishes the Commission to Study Problems with the Municipal Assessment, Valuation and Collection of Property Taxes. The general purpose is to study taxpayers' dissatisfaction with property taxes to find the reasons for property taxpayers' frustrations and the causes of local antiproperty tax pressures.

Filed by Rep. Seavey of Kennebunkport  
Reproduced and distributed under the direction of the Clerk of the House  
6/16/89

(Filing No. H-589)

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