

MAINE STATE LEGISLATURE

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L.D. 1088

(Filing No. H-649)

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

HOUSE AMENDMENT "6" 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

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 are repealed and the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

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CHAPTER 907

FAMILY HOMESAVER PROGRAM ACT OF 1989

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

1. Benefit base. "Benefit base" means property taxes 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.

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

5. Homestead. "Homestead" means the dwelling, owned for at least the 5 preceding calendar years or rented by the claimant, and occupied by the claimant and his 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. 4. 36 MRSA §6201, sub-§8-A is enacted to read:

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

Sec. 5. 36 MRSA §6201, sub-§9, as enacted by PL 1987, c. 516, §§3 and 6, is repealed and the following enacted in its place:

9. Income. "Income" means federal adjusted gross income exclusive of any net operating loss carryover adjustments determined in accordance with the Code and other income not included in federal adjusted gross income including, but not limited to, alimony, support payments, unemployment compensation, loss of time insurance, nontaxable strike benefits, workers' compensation, pensions including Social Security and railroad retirement, cash public assistance or relief benefits, interest from obligations of states and their political 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.

Income does not include any benefits received under this chapter or gifts from nongovernmental sources or surplus foods or other relief in kind supplied by a governmental agency.

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

1
3 11-B. Total assets of a claimant. "Total assets of a
5 claimant" means the market value of all property owned by the
household members exclusive of the homestead and household
property less any indebtedness of the household members.

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

9 §6201-A. Short title

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

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

17 1. Benefit calculation. For claimants representing a
19 nonelderly household, the benefit is calculated as follows:

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

27 Sec. 9. 36 MRSA §6207, sub-§2, as repealed and replaced by PL
29 1987, c. 839, §3, is repealed.

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

33 2-A. Income eligibility. Claimants must have household
incomes of less than \$40,000, in the year for which relief is
35 requested and in each of the 2 preceding years, to be eligible
for a benefit under this section. In addition, total assets of a
37 claimant, exclusive of the claimant's homestead, must be less
than \$50,000 in the year for which relief is requested to be
39 eligible for a benefit under this section.

41 2-B. Proof of eligibility. To be eligible for benefits
under this section, claimants must furnish proof of eligibility
43 in a form to be determined by the Bureau of Taxation.

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

47 §6212. Denial of claim

49 If it is determined that a claim is excessive and was filed
51 with fraudulent intent, the claim shall be disallowed in full
and, if the claim has been paid the amount paid may be recovered

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

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

19 **1989-90** **1990-91**

21 **FINANCE, DEPARTMENT OF**

23 **Bureau of Taxation -**
25 **Low-income Tax Relief**

25	Positions - Legislative Count	(19)	(19)
27	Personal Services	\$252,589	\$318,007
29	All Other	3,666,651	114,937
	Capital Expenditures	80,760	

31 Provides funds for
33 administrative expenses and
35 benefits needed to implement
37 the Family Homesaver
39 Program. Additional
41 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.

43 **DEPARTMENT OF FINANCE**
45 **TOTAL**

\$4,000,000 \$432,944

47 **TOTAL APPROPRIATIONS -**
49 **PART A**

\$4,000,000 \$432,944

51 **PART B**

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

3 SUBCHAPTER IV-A

5 HOMESTEAD PROPERTY TAX EXEMPTIONS

7 §671. Definitions

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

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

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

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

39 §672. Permanent residency: factual determination by municipal
41 assessor

43 Intention to establish a permanent residence in this State
45 is a factual determination to be made, in the first instance, by
47 the municipal assessor. Although any one factor is not
49 conclusive of the establishment or nonestablishment of permanent
51 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
residency by the applicant in a state other than Maine or in
another country and the date nonMaine residency was terminated;

1 5. Voter registration. The place where the applicant is
2 registered to vote;

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

5 7. License tag. The place of issuance of a license tag on
6 any motor vehicle owned by the applicant;

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

9 9. Maine intangible tax returns. The previous filing of
10 Maine intangible tax returns by the applicant.

11 §673. Exemption of homesteads

12 1. Definitions. As used in this section, unless the
13 context otherwise indicates, the following terms have the
14 following meanings.

15 A. "Cooperative apartment corporation" means a corporation,
16 whether for profit or nonprofit, organized for the purpose
17 of owning, maintaining and operating an apartment building
18 or apartment buildings to be occupied by its stockholders or
19 members.

20 B. "Tenant-stockholder or member" means an individual who
21 is entitled, solely by reason of that individual's ownership
22 of stock or membership in a cooperative apartment
23 corporation, to occupy for dwelling purposes an apartment in
24 a building owned by that corporation. A corporation leasing
25 land for a term of 98 years or more for the purpose of
26 maintaining and operating a cooperative apartment on that
27 land shall be considered the owner for purposes of this
28 exemption.

29 2. Amount of exemption. Every person who has the legal
30 title or beneficial title in equity to real property in this
31 State and who resides on that real property, and in good faith
32 makes the same that person's permanent residence or the permanent
33 residence of another or others legally or naturally dependent
34 upon that person, is entitled to an exemption from all taxation,
35 except for assessments for special benefits of 10% of just
36 valuation up to the just valuation of \$100,000 on the residence
37 and up to 10 acres of contiguous real property. The title may be
38 held jointly or in common with others, and the exemption may be
39 apportioned among the owners that reside on the property, to the
40 extent of their respective interests; but no exemption of more
41 than 10% of the first \$100,000 of just value may be allowed to
42 any one person or on any one dwelling house, except that an
43 exemption up to 10% of the first \$100,000 of just value may be
44 allowed to any one person or on any one dwelling house, except that an
45 exemption up to 10% of the first \$100,000 of just value may be
46 allowed to any one person or on any one dwelling house, except that an
47 exemption up to 10% of the first \$100,000 of just value may be
48 allowed to any one person or on any one dwelling house, except that an
49 exemption up to 10% of the first \$100,000 of just value may be
50 allowed to any one person or on any one dwelling house, except that an
51 exemption up to 10% of the first \$100,000 of just value may be

1 allowed on each apartment occupied by a tenant-stockholder or
2 member of a cooperative apartment corporation and on each
3 condominium parcel occupied by its owner; nor shall the amount of
4 the exemption allowed any person exceed the proportionate just
5 valuation based on the interest owned by that person.

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

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

17 §674. Forms

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

23 §675. Application

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

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

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

1 waiver of the annual application requirement. It is the duty of
2 the owner of any property granted an exemption who is not
3 required to file an annual application to notify the municipal
4 assessor promptly whenever the use of the property changes so as
5 to change the exempt status of the property. Any property owner
6 who fails to notify the municipal assessor shall be subject to
7 the provisions of section 678. This subsection shall apply only
8 to exemptions requested pursuant to this section.

9
10 **§676. Duty of municipal assessor**

11
12 The municipal assessor shall examine each claim for
13 exemption filed with the municipal assessor and if the claim is
14 found to be in accordance with law, shall mark the claim approved
15 and make the proper deductions on the tax books.

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

17
18 The municipal assessors of the several municipalities of the
19 State shall, as soon as practicable after April 1st of each
20 current year and on or before July 1st of that year, carefully
21 consider all applications for tax exemptions that have been filed
22 in their respective offices on or before March 1st of that year.
23 If, upon investigation, the municipal assessor finds that the
24 applicant is entitled to the tax exemption applied for under the
25 law, the municipal assessor shall make entries upon the tax rolls
26 of the municipality necessary to allow the exemption to the
27 applicant. If, after due consideration, the municipal assessor
28 finds that the applicant is not entitled under the law to the
29 exemption, the municipal assessor shall immediately make out a
30 notice of disapproval that includes the reasons for disapproval.
31 A copy of the notice shall be served upon the applicant by the
32 municipal assessor either by personal delivery or by registered
33 mail to the post office address given by the applicant, and the
34 municipal assessor shall file the notice with the clerk of the
35 State Board of Property Tax Review. The notice of disapproval of
36 application for the exemption, when filed with the board,
37 constitutes an appeal of the applicant to the board from the
38 decision of the municipal assessor refusing to allow the
39 exemption, and the board shall review the application and
40 evidence presented to the municipal assessor upon which the
41 applicant based the claim for exemption and shall hear the
42 applicant in person or by agent on behalf of the applicant's
43 right to an exemption. The board shall reverse the decision of
44 the municipal assessor and grant the exemption to the applicant
45 if in its judgment the applicant is entitled to the exemption or
46 affirm the decision of the municipal assessor. The action of the
47 board is final unless the applicant, within 15 days from the date
48 of refusal of the application by the board, files in the District
49 Court of the county in which the homestead is situated a
50 proceeding against the municipal assessor for a declaratory
51 judgment or other appropriate proceeding. The failure of the

1 taxpayer to appear before the municipal assessor or State Board
2 of Property Tax Review or to file any paper other than the
3 application as in section 675 shall not constitute any bar or
4 defense to further proceedings.

5
6 §678. Lien imposed on property of person claiming exemption
7 although not permanent resident

8
9 1. Tax lien. When the estate of any person is being
10 probated or administered in another state under an allegation
11 that that person was a resident of that state and the estate of
12 that person contains real property situated in this State upon
13 which a homestead exemption has been allowed pursuant to section
14 675 for any year or years within 10 years immediately prior to
15 the death of the person, then within 3 years after the death of
16 that person the assessor of the municipality where the real
17 property is located shall, upon knowledge of that fact, record a
18 notice of tax lien against the property among the public records
19 of that municipality and the property shall be subject to the
20 payment of all taxes previously found exempt, plus 15% interest
21 per year, unless the District Court having jurisdiction over the
22 ancillary administration in this State determines that the
23 decedent was a permanent resident of this State during the year
24 or years an exemption was allowed, in which case the lien shall
25 not be filed or, if filed, shall be canceled of record by the
26 municipal assessor of the municipality where the real estate is
27 located.

28
29 2. Property subject to tax. In addition to subsection 1,
30 upon determination by the municipal assessor that for any year or
31 years within the prior 10 years a person who was not entitled to
32 a homestead exemption was granted a homestead exemption from ad
33 valorem taxes, that person's property that is situated in this
34 State shall be subject to the taxes previously exempted, plus 15%
35 interest per year.

36
37 3. Collection. The collection of taxes provided in this
38 section shall be in the same manner as existing ad valorem taxes
39 and the procedure for recapturing taxes under this section shall
40 be supplemental to any existing provision under the laws of this
41 State.

42
43 4. Notice. The lien provided in this section does not
44 attach to the property until the notice of tax lien is filed
45 among the public records of the municipality where the property
46 is located. Prior to the filing of the notice of lien, any
47 purchaser for value of the subject property shall take free and
48 clear of the lien.

49
50 Sec. 2. Review. The State Tax Assessor shall review the
51 administrative, legal and technical requirements of this Part to
ensure compliance with existing administrative procedures. This

1 review may include discussions with other states that currently
2 operate homestead exemption programs and shall be completed prior
3 to January 1, 1990. The State Tax Assessor shall submit the
4 results of this review, together with any necessary implementing
5 or correcting legislation, to the Joint Standing Committee on
6 Taxation in the Second Regular Session of the 114th Legislature.

7
8 **Sec. 3. Appropriation.** The following funds are appropriated
9 from the General Fund to carry out the purposes of this Part.

	1989-90	1990-91
FINANCE. DEPARTMENT OF		
Bureau of Taxation -		
Homestead Exemption		
17		
18	(2)	(2)
19	\$32,580	\$68,418
20	12,500	36,525,000
21	10,000	
22	Provides funds for	
23	administrative expenses and	
24	benefits for the homestead	
25	exemption program.	
26		
27	<u>DEPARTMENT OF FINANCE</u>	
28	<u>TOTAL</u>	<u>\$36,593,418</u>
29	\$55,080	
30		
31	<u>TOTAL APPROPRIATIONS -</u>	
32	<u>PART B</u>	<u>\$36,593,418</u>
33	\$55,080	

33
34 **PART C**

35 **Sec. 1. 36 MRSA c. 908** is enacted to read:

36
37 CHAPTER 908

38
39 DEFERRED COLLECTION OF HOMESTEAD PROPERTY TAXES

40
41 §6250. Definitions

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

44 1. Benefited property. "Benefited property" means a lot or
45 parcel of land which is benefited by sewer, water or natural gas
46 and on which an assessment has been determined against the owner.

47
48 2. Bureau. "Bureau" means the Bureau of Taxation.
49
50

1
2 3. Homestead. "Homestead" means the owner-occupied
3 principal dwelling, either real or personal property, owned by
4 the taxpayer and up to 10 contiguous acres upon which it is
5 located. If the homestead is located in a multi-unit building,
6 the homestead is the portion of the building actually used as the
7 principal dwelling and its percentage of the value of the common
8 elements and of the value of the tax lot upon which it is built.
9 The percentage is the value of the unit consisting of the
10 homestead compared to the total value of the building exclusive
11 of the common elements, if any.

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

14 5. Taxes. "Taxes" or "property taxes" means ad valorem
15 taxes, assessments, fees and charges entered on the assessment
16 and tax roll.

17 6. Taxpayer. "Taxpayer" means an individual who has filed
18 a claim for deferral under this chapter or individuals who have
19 jointly filed a claim for deferral under this chapter.

20 §6251. Deferral of tax on homestead; joint election; age
21 requirement; filing claim

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

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

31 B. The individual has, or in the case of 2 or more
32 individuals filing a claim jointly, all of the individuals
33 together have, household income, as defined in section 6201,
34 subsection 7, of less than \$32,000 for the calendar year
35 immediately preceding the calendar year in which the claim
36 is filed.

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

40 2. Property tax deferral. When the taxpayer elects to
41 defer property taxes for any year by filing a claim for deferral
42 under subsection 1, it shall have the effect of:

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

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

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

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

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

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

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

37 §6252. Property entitled to deferral

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

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

2. Fee simple estate. The person claiming the deferral
49 must, solely or together with the person's spouse, own the fee
51 simple estate or be purchasing the fee simple estate under a
 recorded instrument of sale, or 2 or more persons must together
 own or be purchasing the fee simple estate with rights of

1 survivorship under a recorded instrument of sale if all owners
2 live in the homestead and if all owners apply for the deferral
3 jointly.

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

11 §6253. Claim forms; contents

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

17 A. Describe the homestead;

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

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

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

35 §6254. State liens against tax-deferred property

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

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

1
2 3. Foreclosure receipts. Receipts from foreclosure
3 proceedings shall be credited in the same manner as other
4 repayments of deferred property taxes under section 6266.

5
6 §6255. Listing of tax-deferred property; interest accrual
7

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

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

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

21
22 §6256. Recording liens in county; recording constitutes notice
23 of state lien
24

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

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

40
41 §6257. Municipal tax collector to receive amount equivalent to
42 deferred taxes from State
43

44 1. Amount of deferred taxes. Upon determining the amount
45 of deferred taxes on tax-deferred property for the tax year, the
46 bureau shall pay to the respective municipal tax collectors an
47 amount equivalent to the deferred taxes. Payment shall be made
48 from the revolving account established under section 6266.
49
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51

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

5 §6258. Notice to taxpayer regarding duty to claim deferral
6 annually

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

13 A. Inform the taxpayer that the property taxes have been
14 deferred in the current year;

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

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

20 D. Contain any other information that the bureau considers
21 necessary to facilitate administration of the homestead
22 deferral program including, but not limited to, the right of
23 the taxpayer to submit any amount of money to reduce the
24 total amount of the deferred taxes and interest.

25 2. Notice mailed. The bureau shall give the notice
26 required under subsection 1 by mail sent to the residence address
27 of the taxpayer as shown in the claim for deferral or as
28 otherwise determined by the bureau to be the correct address of
29 the taxpayer.

30 §6259. Events requiring payment of deferred tax and interest

31 Subject to section 6261, all deferred property taxes,
32 including accrued interest, become payable as provided in section
33 6260 when:

34 1. Death of claimant. The taxpayer who claimed deferment
35 of collection of property taxes on the homestead dies or, if
36 there was more than one claimant, the survivor of the taxpayers
37 who originally claimed deferment of collection of property taxes
38 under section 6251 dies;

39 2. Sale of property. The property with respect to which
40 deferment of collection of taxes is claimed is sold, a contract
41 to sell is entered into, or some person other than the taxpayer
42 who claimed the deferment becomes the owner of the property;

51

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

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

7 §6260. Time for payments; delinquencies

8 Whenever any of the circumstances listed in section 6259
9 occurs:

10 1. Continuation of assessment year. The deferral of taxes
11 for the assessment year in which the circumstance occurs shall
12 continue for that assessment year;

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

18 3. Out-of-state move. Notwithstanding the provisions of
19 subsection 2 and section 6263, when the circumstance listed in
20 section 6259, subsection 4, occurs, the amount of deferred taxes
21 shall be due and payable 5 days before the date of removal of the
22 property from the State; and

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

28 §6261. Election by spouse to continue tax deferral

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

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

39 B. The property is the homestead of the spouse of the
40 taxpayer and meets the requirements of section 6252,
41 subsection 2.

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

19
3. Filing extension. Notwithstanding that section 6251
20 requires that a claim be filed no later than April 1st, if the
21 bureau determines that good and sufficient cause exists for the
22 failure of a spouse to file a claim under this section on or
23 before April 1st, the claim may be filed within 90 days after
24 notice of taxes due and payable under section 6260 is mailed or
25 delivered by the department to the taxpayer or spouse.

26
§6262. Voluntary payment of deferred tax and interest

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

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

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

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

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

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4. Payment application. Any payment made under this
66 section shall be applied first against accrued interest and any
67 remainder against the deferred taxes. This payment does not
68 affect the deferred-tax status of the property. Unless otherwise

1 provided by law, this payment does not give the person paying the
2 taxes any interest in the property or any claim against the
3 estate, in the absence of a valid agreement to the contrary.

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

9
10 §6263. Extension of time for payment upon death of claimant or
11 spouse

13 1. Payment extension. If the taxpayer who claimed
14 homestead property tax deferral dies, or if a spouse who
15 continued the deferral under section 6261 dies, the bureau may
16 extend the time for payment of the deferred taxes and interest
17 accruing with respect to the taxes becoming due and payable under
18 section 6260, subsection 2, if:

19 A. The homestead property becomes property of an individual
20 or individuals:

23 (1) By inheritance or devise; or

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

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

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

34 2. Extension terms. Subject to paragraph B, an extension
35 granted under this section shall be for a period not to exceed 5
36 years after August 15th of the calendar year following the
37 calendar year of death. The terms and conditions under which the
38 extension is granted shall be in accordance with a written
39 agreement entered into by the bureau and the individual or
40 individuals.

41 An extension granted under this section shall terminate
42 immediately if:

43 A. The homestead property is sold or otherwise transferred
44 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
 in the same manner and at the same rate as provided under section
 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
 property taxes which become a lien against tax-deferred property;

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

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

29 §6265. Deed or contract clauses preventing application for
31 deferral prohibited; clauses void

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

39 §6266. Senior Property Tax Deferral Revolving Account; sources;
41 uses

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

49 2. Advancement of funds. The funds necessary to make
51 payments under subsection 1 shall be advanced to the bureau from

1 time to time as necessary by the Treasurer of State as an
2 appropriation from the General Fund.

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

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

16
17 5. General Fund reimbursement. When the bureau determines
18 that funds in sufficient amounts are available in the revolving
19 account, the bureau shall repay to the General Fund the amounts
20 advanced as appropriations under subsection 2, plus accrued
21 interest.

22
23 **Sec. 2. Review.** The State Tax Assessor shall review the
24 administrative, legal and technical requirements of this Part to
25 ensure compliance with existing administrative procedures. This
26 review may include discussions with other states that currently
27 operate tax deferral programs and shall be completed prior to
28 January 1, 1990. The State Tax Assessor shall submit the results
29 of this review, together with any necessary implementing or
30 correcting legislation, to the Joint Standing Committee on
31 Taxation in the Second Regular Session of the 114th Legislature.

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

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

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PART D

Sec. 1. 20-A MRS §6004, sub-§2. ¶C is enacted to read:

C. A student who is eligible to receive a free or reduced price meal under the National School Lunch Program shall be counted as 1.2 students.

Sec. 2. 20-A MRS §15612, sub-§12 is enacted to read:

12. Low-income student adjustment; legislative intent. A school administrative unit that receives less than the statewide average subsidy of 56.65% shall be eligible for a low-income student adjustment. Funds received by the unit shall be used to reduce property tax collections required by the unit to meet its local share of education costs.

A. A unit that receives between 0% and 24.99% state subsidy shall receive an adjustment equal to \$100 times the student count as adjusted by section 6004.

B. A unit that receives between 25% and 44.99% state subsidy shall receive an adjustment equal to \$50 times the student count as adjusted by section 6004.

C. A unit that receives between 45% and 56.65% state subsidy shall receive an adjustment equal to \$25 times the student count as adjusted by section 6004.

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

	1989-90	1990-91
EDUCATIONAL AND CULTURAL SERVICES, DEPARTMENT OF		
Management Information Division		
Block Grants to Municipalities - Low-income Student Adjustment		
All Other	\$5,523,383	\$5,523,383
TOTAL APPROPRIATIONS - PART D	<u>\$5,523,383</u>	<u>\$5,523,383</u>

PART E

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

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

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

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

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

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

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

51

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

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

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

17 **1989-90**

19 **LEGISLATURE**

21 **Study Commissions - Funding**

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

25 Provides funding for the
26 Commission to Study Problems
27 with Municipal Assessment,
28 Valuation and Collection of
29 Property Taxes.

31 **LEGISLATURE**

33	TOTAL	<u>\$7,150</u>
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35	TOTAL APPROPRIATIONS - PARTE	<u>\$7,150</u>
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37 **PART F**

39 **30-A MRSA §5681, sub-§5**, as enacted by PL 1987, c. 737, Pt.
40 A, §2 and Pt. C, §106; and as amended by PL 1989, cc. 6 and 9,
41 §2; and c. 104, Pt. C, §§8 and 10, is further amended to read:

43 **5. Treasurer of State.** An amount equal to 5.1% of the
44 receipts from the taxes imposed under Title 36, Parts 3 and 8,
45 and credited to the General Fund, plus an amount equal to
46 \$237,000 of the receipts from the tax imposed under Title 36,
47 Part 3, shall be transferred by the Treasurer of State to the
48 Local Government Fund on the first day of each month.

49 Beginning July 1, 1990, an amount equal to 5.5% of the receipts
50 of the taxes under Title 36, Parts 3 and 8, and credited to the

1 General Fund, plus an amount equal to \$237,000 of the receipts
3 from the tax imposed under Title 36, Part 3, shall be transferred
5 by the Treasurer of State to the Local Government Fund on the
7 first day of each month.

The Treasurer of State shall distribute the balance in the Local Government Fund on the 20th day of each month.

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

13 FISCAL NOTE

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

Part A would require an appropriation of \$4,000,000 in
19 fiscal year 1989-90 and \$432,944 in fiscal year 1990-91.

21 Part B would require an appropriation of \$55,080 in fiscal
23 year 1989-90 and \$36,593,418 in fiscal year 1990-91.

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

27 Part D, section 3, would require an appropriation of
29 \$5,523,383 in both fiscal year 1989-90 and 1990-91.

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

33 Part F would result in a loss of revenue of \$5,913,023 in
35 fiscal year 1990-91.

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

39	FY 1989-90	FY 1990-91	Biennium
41	\$9,640,693	\$48,906,186	\$58,546,879'

43 STATEMENT OF FACT

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

HOUSE AMENDMENT 'G' to COMMITTEE AMENDMENT "A" to H.P. 776, L.D.
1088

1 Part B of the amendment creates a homestead exemption program.

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

7 Part D of the amendment creates a low-income student
adjustment program.

9
11 Part E 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'
13 dissatisfaction with property taxes to find the reasons for
property taxpayers' frustrations and the causes of local
15 antiproperty tax pressures.

17 Part F of this amendment increases the municipal share of
revenues obtained from the General Fund for distribution through
19 the Local Government Fund.

21

Filed by Rep. Whitcomb of Waldo
Reproduced and distributed under the direction of the Clerk of the
House

6/20/89

(Filing No. H-649)