

MAINE STATE LEGISLATURE

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L.D. 1088

(Filing No. S-229)

**STATE OF MAINE
SENATE
114TH LEGISLATURE
FIRST REGULAR SESSION**

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Sec. 1. 36 MRSA c. 907, first 2 lines, are repealed and the following enacted in their place: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

SENATE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 776,
L.D. 1088

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11-B. Total assets of a claimant. "Total assets of a 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.

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

§6201-A. Short title

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

Sec. 8. 36 MRSA §6207, sub-§1, as amended by PL 1987, c. 876, §5, is repealed and the following enacted in its place:

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

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

Sec. 9. 36 MRSA §6207, sub-§2, as repealed and replaced by PL 1987, c. 839, §3, is repealed.

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

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

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

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

§6212. Denial of claim

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

SENATE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 776,
L.D. 1088

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

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

17
 18 1989-90 1990-91

19
 20
 21 **FINANCE, DEPARTMENT OF**

22
 23 **Bureau of Taxation -**
 24 **Low-income Tax Relief**

25

	(19)	(19)
26 Positions - Legislative Count	\$252,589	\$318,007
27 Personal Services	3,666,651	3,681,993
28 All Other	80,760	
29 Capital Expenditures		

30 Provides funds for
 31 administrative expenses and
 32 benefits needed to implement
 33 the Family Homesaver
 34 Program. Additional
 35 appropriations for benefits
 36 are not needed in fiscal year
 37 1990-91 due to the combining
 38 of this program with a
 39 homestead exemption program
 40 effective that year.

41
 42

43 DEPARTMENT OF FINANCE		
44 TOTAL	\$4,000,000	\$4,000,000
46 TOTAL APPROPRIATIONS -		
47 PART A	\$4,000,000	\$4,000,000

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 49 **PART B**

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 51

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

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

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

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

11
12 9. Maine intangible tax returns. The previous filing of
13 Maine intangible tax returns by the applicant.

14 §673. Exemption of homesteads

15
16 1. Definitions. As used in this section, unless the
17 context otherwise indicates, the following terms have the
18 following meanings.

19
20 A. "Cooperative apartment corporation" means a corporation,
21 whether for profit or nonprofit, organized for the purpose
22 of owning, maintaining and operating an apartment building
23 or apartment buildings to be occupied by its stockholders or
24 members.

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

35
36 2. Amount of exemption. Every person who has the legal
37 title or beneficial title in equity to real property in this
38 State and who resides on that real property, and in good faith
39 makes the same that person's permanent residence or the permanent
40 residence of another or others legally or naturally dependent
41 upon that person, is entitled to an exemption from all taxation,
42 except for assessments for special benefits of 5% of just
43 valuation up to the just valuation of \$90,000 on the residence
44 and up to 10 acres of contiguous real property. The title may be
45 held jointly or in common with others, and the exemption may be
46 apportioned among the owners that reside on the property, to the
47 extent of their respective interests; but no exemption of more
48 than 5% of the first \$90,000 of just value may be allowed to any
49 one person or on any one dwelling house, except that an exemption
50 up to 5% of the first \$90,000 of just value may be
51

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.

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

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

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

SENATE AMENDMENT " A " to COMMITTEE AMENDMENT "A" to H.P. 776,
L.D. 1088

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STATEMENT OF FACT

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This amendment replaces the majority committee amendment
with property tax relief through a homestead credit and creates
the homesaver program.

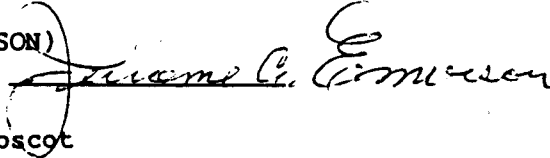
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(Senator EMERSON)
SPONSORED BY:

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COUNTY: Penobscot

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