

MAINE STATE LEGISLATURE

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L.D. 1088

(Filing No. S- 393)

STATE OF MAINE
SENATE
114TH LEGISLATURE
FIRST REGULAR SESSION

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Sec. 1. 36 MRSA c. 907, first 2 lines, are repealed and the following enacted in their place:

CHAPTER 907

FAMILY HOMESAVER PROGRAM ACT OF 1989

SENATE AMENDMENT "C" to COMMITTEE AMENDMENT "A" to H.P. 776,
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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:

11-B. Total assets of a claimant. "Total assets of a claimant" means the market value of all property owned by the

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SENATE AMENDMENT "C" to COMMITTEE AMENDMENT "A" to H.P. 776,
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1 household members exclusive of the homestead and household
2 property less any indebtedness of the household members.

3
4 Sec. 7. 36 MRSA §6201-A is enacted to read:

5 §6201-A. Short title

6
7 This chapter shall be known and may be cited as "The Family
8 Homesaver Program Act of 1989."

9
10 Sec. 8. 36 MRSA §6207, sub-§1, as amended by PL 1987, c. 876,
11 §5, is repealed and the following enacted in its place:

12
13 1. Benefit calculation. For claimants representing a
14 nonelderly household, the benefit is calculated as follows:

15
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
23 Sec. 9. 36 MRSA §6207, sub-§2, as repealed and replaced by PL
24 1987, c. 839, §3, is repealed.

25
26 Sec. 10. 36 MRSA §6207, sub-§§2-A and 2-B are enacted to read:

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

35
36 2-B. Proof of eligibility. To be eligible for benefits
37 under this section, claimants must furnish proof of eligibility
38 in a form to be determined by the Bureau of Taxation.

39
40 Sec. 11. 36 MRSA §6212, as enacted by PL 1987, c. 516, §§3
41 and 6, is amended to read:

42 §6212. Denial of claim

43
44 If it is determined that a claim is excessive and was filed
45 with fraudulent intent, the claim shall be disallowed in full
46 and, if the claim has been paid the amount paid may be recovered
47 by assessment, and the assessment shall bear interest from the
48 date of payment or credit of the claim, until refunded or paid,
49 at the rate of 1% per month. The claimant in such case, and any
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SENATE AMENDMENT "C" to COMMITTEE AMENDMENT "A" to H.P. 776, L.D. 1088

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

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

	1989-90	1990-91
FINANCE, DEPARTMENT OF		
Bureau of Taxation -		
Low-income Tax Relief		
Positions - Legislative Count	(19)	(19)
Personal Services	\$252,589	\$318,007
All Other	3,666,651	114,937
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.		
DEPARTMENT OF FINANCE		
TOTAL	<u>\$4,000,000</u>	<u>\$432,944</u>
TOTAL APPROPRIATIONS -		
PART A	<u>\$4,000,000</u>	<u>\$432,944</u>

47 **PART B**

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

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

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

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

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

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

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

17 §673. Exemption of homesteads

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

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

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

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

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1 exemption up to 10% of the first \$100,000 of just value may be
2 allowed on each apartment occupied by a tenant-stockholder or
3 member of a cooperative apartment corporation and on each
4 condominium parcel occupied by its owner; nor shall the amount of
5 the exemption allowed any person exceed the proportionate just
6 valuation based on the interest owned by that person.

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

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

17
18 §674. Forms

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

24 §675. Application

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

36
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.

40
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

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

11 §676. Duty of municipal assessor

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

17 §677. Homestead exemptions; approval; refusal; hearings

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

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

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

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

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

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

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

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L.D. 1088

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Sec. 2. Review. The State Tax Assessor shall review the administrative, legal and technical requirements of this Part to ensure compliance with existing administrative procedures. This review may include discussions with other states that currently operate homestead exemption programs and shall be completed prior to 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.

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

	1989-90	1990-91
FINANCE, DEPARTMENT OF		
Bureau of Taxation - Homestead Exemption		
Positions - Legislative Count	(2)	(2)
Personal Services	\$32,580	\$68,418
All Other	12,500	36,525,000
Capital Expenditures	10,000	
Provides funds for administrative expenses and benefits for the homestead exemption program.		
DEPARTMENT OF FINANCE TOTAL	<u>\$55,080</u>	<u>\$36,593,418</u>
TOTAL APPROPRIATIONS - PART B	<u>\$55,080</u>	<u>\$36,593,418</u>

PART C

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

CHAPTER 908

DEFERRED COLLECTION OF HOMESTEAD PROPERTY TAXES

§6250. Definitions

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

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

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

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

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

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

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

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

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

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

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

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SENATE AMENDMENT "C" to COMMITTEE AMENDMENT "A" to H.P. 776,
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1 The municipal assessor shall forward each claim filed under this
3 subsection to the bureau within 15 days of receipt, which shall
determine if the property is eligible for deferral.

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

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

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

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

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

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

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

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

45 §6252. Property entitled to deferral

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

51 1. Claimant's homestead. The property must be the
homestead of the individual or individuals who file the claim for

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1 deferral, except for an individual required to be absent from the
2 homestead by reason of health.

3
4 2. Fee simple estate. The person claiming the deferral
5 must, solely or together with the person's spouse, own the fee
6 simple estate or be purchasing the fee simple estate under a
7 recorded instrument of sale, or 2 or more persons must together
8 own or be purchasing the fee simple estate with rights of
9 survivorship under a recorded instrument of sale if all owners
10 live in the homestead and if all owners apply for the deferral
11 jointly.

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

18 §6253. Claim forms; contents

19
20
21 1. Administration. A taxpayer's claim for deferral under
22 this chapter shall be in writing on a form supplied by the bureau
23 and shall:

24 A. Describe the homestead:

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

33
34 C. Have attached any documentary proof required by the
35 bureau to show that the requirements of section 6252 have
36 been met.

37
38
39 2. Statement verification. There shall be annexed to the
40 claim a statement verified by a written declaration of the
41 applicant making the claim to the effect that the statements
42 contained in the claim are true.

43 §6254. State liens against tax-deferred property

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45
46 1. Lien. The bureau shall have a lien against the
47 tax-deferred property for the payment of the deferred taxes plus
48 interest thereon and any fees paid to the county clerk by the
49 bureau in connection with the recording, release or satisfaction
50 of the lien. The liens for deferred taxes shall attach to the
51 property on April 1st of the year in which the taxes were

1 assessed. The deferred property tax liens shall have the same
2 priority as other real property tax liens except that the lien of
3 mortgages or trust deeds that are recorded prior to the
4 attachment of the lien for deferred taxes shall be prior to the
5 liens for deferred taxes.

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

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

15 §6255. Listing of tax-deferred property; interest accrual

17 1. Tax-deferred property list. If eligibility for deferral
18 of homestead property is established as provided in this chapter,
19 the bureau shall notify the municipal assessor and the municipal
20 assessor shall show on the current ad valorem assessment and tax
21 roll which property is tax-deferred property by an entry clearly
22 designating that property as tax-deferred property.

23 2. Tax statement. When requested by the bureau, the
24 municipal tax collector shall send to the bureau as soon as the
25 taxes are extended upon the roll the tax statement for each
26 tax-deferred property.

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

33 §6256. Recording liens in county; recording constitutes notice
34 of state lien

35 1. Recording of liens. For each municipality in which
36 there is tax-deferred property, the bureau shall cause to be
37 recorded in the mortgage records of the county, a list of
38 tax-deferred properties of that municipality. The list shall
39 contain a description of the property as listed on the assessment
40 roll together with the name of the owner listed thereon. The
41 list shall be corrected each time an additional deferral occurs
42 or partial payments are received.

45 2. Notice of recording. The recording of the tax-deferred
46 properties under subsection 1 is notice that the bureau claims a
47 lien against those properties in the amount of the deferred taxes
48 plus interest together with any fees paid to the county clerk in
49 connection with the recording, release or satisfaction of the

1 lien, even though the amount of taxes, interest or fees is not
2 listed.

3 §6257. Municipal tax collector to receive amount equivalent to
4 deferred taxes from State

5
6
7 1. Amount of deferred taxes. Upon determining the amount
8 of deferred taxes on tax-deferred property for the tax year, the
9 bureau shall pay to the respective municipal tax collectors an
10 amount equivalent to the deferred taxes. Payment shall be made
11 from the revolving account established under section 6266.

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

15
16 §6258. Notice to taxpayer regarding duty to claim deferral
17 annually

18
19
20 1. Annual deferral notice. On or before December 15th of
21 each year, the bureau shall send a notice to each taxpayer who
22 has claimed deferral of property taxes for the current tax year.
23 The notice shall:

24 A. Inform the taxpayer that the property taxes have been
25 deferred in the current year;

26
27 B. Show the total amount of deferred taxes remaining unpaid
28 since initial application for deferral and the interest
29 accruing therein to November 15th of the current year;

30
31 C. Inform the taxpayer that voluntary payment of the
32 deferred taxes may be made at any time to the bureau; and

33
34 D. Contain any other information that the bureau considers
35 necessary to facilitate administration of the homestead
36 deferral program including, but not limited to, the right of
37 the taxpayer to submit any amount of money to reduce the
38 total amount of the deferred taxes and interest.

39
40
41 2. Notice mailed. The bureau shall give the notice
42 required under subsection 1 by mail sent to the residence address
43 of the taxpayer as shown in the claim for deferral or as
44 otherwise determined by the bureau to be the correct address of
45 the taxpayer.

1 §6259. Events requiring payment of deferred tax and interest

3 Subject to section 6261, all deferred property taxes,
5 including accrued interest, become payable as provided in section
6 6260 when:

7 1. Death of claimant. The taxpayer who claimed deferment
8 of collection of property taxes on the homestead dies or, if
9 there was more than one claimant, the survivor of the taxpayers
10 who originally claimed deferment of collection of property taxes
11 under section 6251 dies;

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

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

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

25 §6260. Time for payments; delinquencies

27 Whenever any of the circumstances listed in section 6259
28 occurs:

31 1. Continuation of assessment year. The deferral of taxes
32 for the assessment year in which the circumstance occurs shall
33 continue for that assessment year;

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

41 3. Out-of-state move. Notwithstanding the provisions of
42 subsection 2 and section 6263, when the circumstance listed in
43 section 6259, subsection 4, occurs, the amount of deferred taxes
44 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
48 this section are not paid on the indicated due date or as
49 extended under section 6263, those amounts shall be deemed
50 delinquent as of that date and the property shall be subject to
51 foreclosure as provided in section 6254.

1 §6261. Election by spouse to continue tax deferral

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

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

23 B. The property is the homestead of the spouse of the
25 taxpayer and meets the requirements of section 6252,
27 subsection 2.

29 2. Continuation of deferral by spouse. A spouse who does
31 not meet the age requirements of subsection 1, paragraph A, but
33 is otherwise qualified to continue the property in its
35 tax-deferred status under subsection 1 may continue the deferral
37 of property taxes deferred for previous years by filing a claim
39 within the time and in the manner provided under section 6251.
41 If a spouse eligible for and continuing the deferral of taxes
43 previously deferred under this subsection becomes 62 years of age
45 prior to April 1st of any year, the spouse may elect to continue
47 the deferral of previous years' taxes deferred under this
49 subsection and may elect to defer the current assessment year's
51 taxes on the homestead by filing a claim within the time and in
the manner provided under section 6251. Thereafter, payment of
the taxes levied on the homestead and deferred under this
subsection and payment of taxes levied on the homestead in the
current assessment year and in future years may be deferred in
the manner provided in and subject to this chapter.

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

45 §6262. Voluntary payment of deferred tax and interest

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

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

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

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

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

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

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

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

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

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

(1) By inheritance or devise; or

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

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

C. An individual or individuals make application to the bureau for an extension of time for payment of the deferred

1 taxes and interest prior to August 15th of the calendar year
2 following the calendar year of death.

3
4 2. Extension terms. Subject to paragraph B, an extension
5 granted under this section shall be for a period not to exceed 5
6 years after August 15th of the calendar year following the
7 calendar year of death. The terms and conditions under which the
8 extension is granted shall be in accordance with a written
9 agreement entered into by the bureau and the individual or
10 individuals.

11 An extension granted under this section shall terminate
12 immediately if:

13
14 A. The homestead property is sold or otherwise transferred
15 by any party to the extension agreement;

16
17 B. All of the heirs or devisees who are parties to the
18 extension agreement cease to occupy the property as a
19 principal residence; or

20
21 C. The homestead property, a mobile or floating home, is
22 moved out of the State.

23
24 3. Accrued interest. During the period of extension, and
25 until paid, the deferred taxes shall continue to accrue interest
26 in the same manner and at the same rate as provided under section
27 6255, subsection 3. No interest may accrue upon interest.

28
29 **§6264. Limitations**

30
31 Nothing in this chapter is intended to or may be construed
32 to:

33
34 1. Foreclosure. Prevent the collection, by foreclosure, of
35 property taxes which become a lien against tax-deferred property;

36
37 2. Benefited property. Defer payment of special
38 assessments to benefited property which do not appear on the
39 assessment and tax roll; or

40
41 3. Land provisions. Affect any provision of any mortgage,
42 or other instrument relating to land, requiring a person to pay
43 property taxes.

44
45 **§6265. Deed or contract clauses preventing application for**
46 **deferral prohibited; clauses void**

47
48 After the effective date of this chapter, it shall be
49 unlawful for any mortgage trust deed or land sale contract to

1 contain a clause or statement that prohibits the owner from
2 applying for the benefits of the deferral of homestead property
3 taxes provided in this chapter. Any such clause or statement in
4 a mortgage trust deed or land sale contract executed after the
5 effective date of this chapter shall be void.

7 §6266. Senior Property Tax Deferral Revolving Account; sources:
8 uses

9
10 1. Revolving account. This section establishes in the
11 State Treasury the Senior Property Tax Deferral Revolving Account
12 to be used by the bureau for the purpose of making the payments
13 to municipal tax collectors of property taxes deferred for tax
14 years beginning on or after April 1, 1990, as required by section
15 6257.

16
17 2. Advancement of funds. The funds necessary to make
18 payments under subsection 1 shall be advanced to the bureau from
19 time to time as necessary by the Treasurer of State as an
20 appropriation from the General Fund.

21
22 3. Payments credited. All sums of money received by the
23 bureau under this chapter as repayments of deferred property
24 taxes including the interest accrued under section 6255,
25 subsection 3, shall, upon receipt, be credited to the revolving
26 account and shall be available for the purposes of subsection 1.

27
28 4. Appropriation request. If there is not sufficient money
29 in the revolving account to make the payments required by
30 subsection 1, the State Tax Assessor shall request an
31 appropriation from the General Fund which together with the money
32 in the revolving account will provide an amount sufficient to
33 make the required payments.

34
35 5. General Fund reimbursement. When the bureau determines
36 that funds in sufficient amounts are available in the revolving
37 account, the bureau shall repay to the General Fund the amounts
38 advanced as appropriations under subsection 2, plus accrued
39 interest.

40
41 Sec. 2. Review. The State Tax Assessor shall review the
42 administrative, legal and technical requirements of this Part to
43 ensure compliance with existing administrative procedures. This
44 review may include discussions with other states that currently
45 operate tax deferral programs and shall be completed prior to
46 January 1, 1990. The State Tax Assessor shall submit the results
47 of this review, together with any necessary implementing or
48 correcting legislation, to the Joint Standing Committee on
49 Taxation in the Second Regular Session of the 114th Legislature.

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SENATE AMENDMENT "C" to COMMITTEE AMENDMENT "A" to H.P. 776,
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Sec. 3. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Part.

	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	<u> </u>	<u> </u>
TOTAL	\$55,080	\$443,418
TOTAL APPROPRIATIONS - PART C	<u>\$55,080</u>	<u>\$443,418</u>

PART D

Sec. 1. 20-A MRSA §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 MRSA §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.

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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	\$5,523,383	\$5,523,383

PART E

Sec. 1. Commission established; membership. The Commission to Study Problems with the Municipal Assessment, Valuation and Collection of Property Taxes is established. The commission shall consist of 9 members, appointed in the following manner: 3 members of the House of Representatives appointed by the Speaker of the House of Representatives; 2 Senators appointed by the 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.

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

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

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

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

8 4. Study whether the inequities in the assessments of
9 residential properties within a municipality and between
10 residential and other types of property within a municipality can
11 be reduced. For assessments to be equitable, each property
12 should be assessed at the same percent of full value.
13

14 **Sec. 3. Convening of commission.** When the appointment of all
15 commission members is completed, the Chair of the Legislative
16 Council shall call the first meeting. The first meeting shall be
17 called on or before August 1, 1989. At the first meeting, the
18 members shall elect a chair and other officers.
19

20 **Sec. 4. Report.** The commission shall present its findings,
21 together with any recommended legislation to the Second Regular
22 Session of the 114th Legislature.
23

24 **Sec. 5. Staff; compensation.** The commission may request
25 necessary staff assistance from the Legislative Council. The
26 members of the commission who are Legislators shall receive the
27 legislative per diem, as defined in the Maine Revised Statutes,
28 Title 3, section 2, for days in attendance at commission meetings
29 and subcommittee meetings. All members of the commission shall
30 receive reimbursement for expenses upon application to the
31 Executive Director of the Legislative Council.
32

33 **Sec. 6. Appropriation.** The following funds are appropriated
34 from the General Fund to carry out the purposes of this Part.
35

36
37 **1989-90**

38 **LEGISLATURE**

39 **Study Commissions - Funding**

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

42 Provides funding for the
43 Commission to Study Problems
44 with Municipal Assessment,
45 Valuation and Collection of
46 Property Taxes.
47
48
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SENATE AMENDMENT "C" to COMMITTEE AMENDMENT "A" to H.P. 776,
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LEGISLATURE
TOTAL

\$7,150

TOTAL APPROPRIATIONS - PART E

\$7,150

PART F

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

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

Beginning July 1, 1990, an amount equal to 5.5% of the receipts of the taxes under Title 36, Parts 3 and 8, and credited to the General Fund, plus an amount equal to \$237,000 of the receipts from the tax imposed under Title 36, Part 3, shall be transferred by the Treasurer of State to the Local Government Fund on the 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.

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 \$432,944 in fiscal year 1990-91.

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

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

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

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

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

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

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

STATEMENT OF FACT

This amendment completely replaces committee amendment "A". This amendment replaces the Household Tax and Rent Refund Act with the Family Homesaver Program Act of 1989 and modifies the eligibility requirements, definitions and the benefit calculations provided by the Act.

Part B of the amendment creates a homestead exemption program.

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.

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

Part E of the amendment establishes the Commission to Study Problems with the Municipal Assessment, Valuation and Collection of Property Taxes.

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

(Senator EMERSON)
SPONSORED BY: *James A. Emerson*
COUNTY: Penobscot

Reproduced and Distributed Pursuant to Senate Rule 12.
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