

# MAINE STATE LEGISLATURE

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

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

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 household tax and rent refund 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. 34-A MRSA §1211 is enacted to read:**

**§1211. County correctional facilities fund**

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1. Program fund established. There is hereby established a program to be known as the County Correctional Facilities Fund Program. This program shall be maintained by the Commissioner of Corrections for the sole purpose of reimbursing counties for costs associated with operations of the county jail system.

2. Eligible costs. Costs eligible for reimbursement under this program shall be determined as follows:

A. The total cost incurred by each county during calendar year 1988 for the following:

- (1) Personnel services;
- (2) Contractual commodities;
- (3) Capital expenditures; and
- (4) Debt service;

B. Less any revenue received by the county from the fund established in Title 4, section 1057 in the current state fiscal year;

C. Less any revenue received by the county from the funds established in sections 1205 and 1210 in the current state fiscal year; and

D. Less any funds received by the county in accordance with section 1206 in the current state fiscal year.

3. Reimbursement limit. Reimbursements to any county in any year shall not exceed the amount that county would have received under the formula established in subsection 2 for calendar year 1988.

4. Special reimbursement limit. For the state fiscal year ending June 30, 1991, reimbursements to any county in any year shall not exceed ½ the amount that county would have received under the formula established in subsection 2 for calendar year 1988. This subsection shall be repealed effective July 1, 1991.

5. Reimbursement procedure. The Commissioner of Corrections shall promulgate rules and regulations prior to the effective date of this section to determine the methodology whereby each county shall be reimbursed from the County Correctional Facilities Fund Program.

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

1990-91

CORRECTIONS, DEPARTMENT OF  
County Correctional Facilities Fund

All Other	\$7,346,379
TOTAL	\$7,346,379

TOTAL APPROPRIATIONS - PART A \$7,346,379

Sec. 3. Effective date. This Part shall take effect on January 1, 1991.

PART B

Sec. 1. 36 MRSA §6204, as enacted by PL 1987, c. 516, §§3 and 6, is amended to read:

§6204. Filing date

No claim may be paid unless the claim is filed with the Bureau of Taxation on or after August 1st and on or before the following ~~October-15th~~ December 31st.

Sec. 2. 36 MRSA §6207, sub-§1, as amended by PL 1987, c. 876, §§5 and 10, is further amended to read:

1. Benefit calculation. For claimants representing a nonelderly household, the benefit is ~~50%-of~~ the amount by which the benefit base exceeds 4.5% of income to a maximum payment of \$400 \$3,000.

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

2. Income eligibility. Claimants with household incomes in excess of ~~\$28,000~~ \$70,000 are not eligible for a benefit.

Sec. 4. 36 MRSA §6207, sub-§4, as enacted by PL 1987, c. 516, §§3 and 6, is amended to read:

4. Minimum benefit. No claim of less than \$5 \$10 may be granted.

Sec. 5. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Part.

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	1989-90	1990-91
<b>FINANCE, DEPARTMENT OF</b>		
<b>Bureau of Taxation -</b>		
<b>Low-income Tax Relief</b>		
Positions - Legislative Count	(21)	(21)
Personal Services	\$283,935	\$347,370
All Other	16,660,025	16,688,540
Capital Expenditures	91,950	
Provides funds for increased benefits and to meet additional administrative expenses as a result of improvements to the circuit breaker program.		
<b>DEPARTMENT OF FINANCE</b>		
<b>TOTAL</b>	\$17,035,910	\$17,035,910
<b>TOTAL APPROPRIATIONS - PART B</b>	\$17,035,910	\$17,035,910

**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.

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.

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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.

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

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

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

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

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

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

4. Trustee compliance. If a trustee of an inter vivos 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 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.

5. Spouse not required to claim. Nothing in this section 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.

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

**§6252. Property entitled to deferral**

In order to qualify for tax deferral under this chapter, the 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.

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

2. Fee simple estate. The person claiming the deferral must, solely or together with the person's spouse, own the fee 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 survivorship under a recorded instrument of sale if all owners live in the homestead and if all owners apply for the deferral jointly.

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

**§6253. Claim forms; contents**

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

9 A. Describe the homestead:

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

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

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

39 §6254. State liens against tax-deferred property

41 1. Lien. The bureau shall have a lien against the  
43 tax-deferred property for the payment of the deferred taxes plus  
45 interest thereon and any fees paid to the county clerk by the  
47 bureau in connection with the recording, release or satisfaction  
49 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  
assessed. The deferred property tax liens shall have the same  
priority as other real property tax liens except that the lien of  
mortgages or trust deeds that are recorded prior to the  
attachment of the lien for deferred taxes shall be prior to the  
liens for deferred taxes.

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

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

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

1. Tax-deferred property list. If eligibility for deferral  
of homestead property is established as provided in this chapter,  
the bureau shall notify the municipal assessor and the municipal



1 assessor shall show on the current ad valorem assessment and tax  
2 roll which property is tax-deferred property by an entry clearly  
3 designating that property as tax-deferred property.

5 2. Tax statement. When requested by the bureau, the  
6 municipal tax collector shall send to the bureau as soon as the  
7 taxes are extended upon the roll the tax statement for each  
8 tax-deferred property.

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

13 §6256. Recording liens in county; recording constitutes notice  
14 of state lien

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16 1. Recording of liens. For each municipality in which  
17 there is tax-deferred property, the bureau shall cause to be  
18 recorded in the mortgage records of the county, a list of  
19 tax-deferred properties of that municipality. The list shall  
20 contain a description of the property as listed on the assessment  
21 roll together with the name of the owner listed thereon. The  
22 list shall be corrected each time an additional deferral occurs  
23 or partial payments are received.

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25 2. Notice of recording. The recording of the tax-deferred  
26 properties under subsection 1 is notice that the bureau claims a  
27 lien against those properties in the amount of the deferred taxes  
28 plus interest together with any fees paid to the county clerk in  
29 connection with the recording, release or satisfaction of the  
30 lien, even though the amount of taxes, interest or fees is not  
31 listed.

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33 §6257. Municipal tax collector to receive amount equivalent to  
34 deferred taxes from State

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36 1. Amount of deferred taxes. Upon determining the amount  
37 of deferred taxes on tax-deferred property for the tax year, the  
38 bureau shall pay to the respective municipal tax collectors an  
39 amount equivalent to the deferred taxes. Payment shall be made  
40 from the revolving account established under section 6266.

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42 2. Accounts maintained. The bureau shall maintain accounts  
43 for each deferred property and shall accrue interest only on the  
44 actual amount of taxes advanced to the municipality.  
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1 §6258. Notice to taxpayer regarding duty to claim deferral  
3 annually

5 1. Annual deferral notice. On or before December 15th of  
7 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  
15 deferred in the current year;

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

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

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

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

47 §6259. Events requiring payment of deferred tax and interest

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

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

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

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

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

5 §6260. Time for payments; delinquencies

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

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

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

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

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

32 §6261. Election by spouse to continue tax deferral

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

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

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46 B. The property is the homestead of the spouse of the  
47 taxpayer and meets the requirements of section 6252,  
48 subsection 2.

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51 2. Continuation of deferral by spouse. A spouse who does  
52 not meet the age requirements of subsection 1, paragraph A, but  
53 is otherwise qualified to continue the property in its

1 tax-deferred status under subsection 1 may continue the deferral  
2 of property taxes deferred for previous years by filing a claim  
3 within the time and in the manner provided under section 6251.  
4 If a spouse eligible for and continuing the deferral of taxes  
5 previously deferred under this subsection becomes 62 years of age  
6 prior to April 1st of any year, the spouse may elect to continue  
7 the deferral of previous years' taxes deferred under this  
8 subsection and may elect to defer the current assessment year's  
9 taxes on the homestead by filing a claim within the time and in  
10 the manner provided under section 6251. Thereafter, payment of  
11 the taxes levied on the homestead and deferred under this  
12 subsection and payment of taxes levied on the homestead in the  
13 current assessment year and in future years may be deferred in  
14 the manner provided in and subject to this chapter.

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

22 §6262. Voluntary payment of deferred tax and interest

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

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

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

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

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

37 4. Payment application. Any payment made under this  
38 section shall be applied first against accrued interest and any  
39 remainder against the deferred taxes. This payment does not  
40 affect the deferred-tax status of the property. Unless otherwise  
41 provided by law, this payment does not give the person paying the  
42 taxes any interest in the property or any claim against the  
43 estate, in the absence of a valid agreement to the contrary.

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

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

An extension granted under this section shall terminate immediately if:

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

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

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

3. Accrued interest. During the period of extension, and 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.

§6264. Limitations

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

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

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

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

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

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

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

1. Revolving account. This section establishes in the State Treasury the Senior Property Tax Deferral Revolving Account 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.

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

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

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

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

**Sec. 2. Review.** The State Tax Assessor shall review the administrative, legal and technical requirements of this Act to ensure compliance with existing administrative procedures. This review may include discussions with other states that currently operate tax deferral 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 -  
Elderly Tax Deferral**

Positions - Legislative Count	(2)	(2)
Personal Services	\$32,580	\$68,418
All Other	12,500	375,000
Capital Expenditures	10,000	

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

**PART D**

Sec. 1. 20-A MRSa §2, sub-§3, as enacted by PL 1987, c. 821, is amended to read:

3. Mandated programs. Any legislation containing a state mandate enacted by the Legislature after January 1, 1989, which requires additional funding, shall contain provisions for full funding by the State ~~for 2 years, after which the legislation shall contain full funding through the School Finance Act of 1985, as amended.~~ The funding requirements to implement the mandate must be identified. Any such legislation for which full state funding is not provided may not be enacted.

State mandates are defined as any state-initiated or statutory action that requires a local school administrative unit to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues, excluding any order issued by a state court or any legislation necessary to comply with a federal mandate.

This chapter is repealed on June 30, 1992, unless reviewed and extended by specific Act of the Legislature.

Sec. 2. 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. 3. 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.



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

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

**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;

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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;

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

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

**Sec. 3. Subcommittee.** The legislative members of the commission shall meet as a subcommittee to study the potential for state reimbursement of, or phased in take-over of, all county government operations. This subcommittee shall issue its report to the Second Regular Session of the 114th Legislature.

**Sec. 4. Convening of commission.** When the appointment of all commission members is completed, the Chair of the Legislative Council shall call the first meeting. The first meeting shall be called on or before August 1, 1989. At the first meeting, the members shall elect a chair and other officers.

**Sec. 5. Report.** The commission shall present its findings, together with any recommended legislation, to the Second Regular Session of the 114th Legislature.

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

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

1989-90

LEGISLATURE

Study Commissions - Funding

Personal Services	\$2,750
All Other	7,250

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

LEGISLATURE  
TOTAL

\$10,000

TOTAL APPROPRIATIONS - PART E

\$10,000

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, 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.

Beginning July 1, 1991, an amount equal to 6.0% 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.

Beginning July 1, 1992, an amount equal to 7.0% 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

1 from the tax imposed under Title 36, Part 3, shall be transferred  
3 by the Treasurer of State to the Local Government Fund on the  
first day of each month.

5 The Treasurer of State shall distribute the balance in the Local  
7 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.

15 **FISCAL NOTE**

17 If enacted, this bill would have the following effect on the  
19 General Fund:

21 Part A would require an appropriation of \$7,346,379 in  
23 fiscal year 1990-91 and would have an additional future cost in  
25 fiscal year 1991-92 and beyond.

27 Part B would require an appropriation of \$17,035,910 in both  
29 fiscal year 1989-90 and 1990-91.

31 Part C would require an appropriation of \$55,080 in fiscal  
33 year 1989-90 and \$443,418 in fiscal year 1990-91. This Part also  
35 creates a significant potential future cost.

37 Part D creates an undetermined potential future cost in  
39 section 1. Section 3 requires an appropriation of \$5,523,383 in  
41 both fiscal year 1989-90 and 1990-91.

43 Part E requires an appropriation of \$10,000 in fiscal year  
45 1989-90.

47 Part F will result in a loss of revenue of \$5,913,023 in  
fiscal year 1990-91. This Part also creates a significant future  
loss of revenue to the General Fund.

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
\$22,624,373	\$36,262,113	\$58,886,486

plus significant potential future costs.'

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**STATEMENT OF FACT**

The purpose of Part A of this amendment is to reimburse counties for costs to operate the county jails, including their facilities, debts and obligations, effective January 1, 1991.

Part B of the amendment makes adjustments to the household tax and rent refund 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. The general purpose is to study taxpayers' dissatisfaction with property taxes to find the reasons for property taxpayers' frustrations and the causes of local antiproperty tax pressures.

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

Reported by the Majority of the Committee on Taxation  
Reproduced and distributed under the direction of the Clerk of the House  
6/2/89 (Filing No. H-388)