

# MAINE STATE LEGISLATURE

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L.D. 1088  
(Filing No. H- 389)

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

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**Sec. 1. 36 MRSA c. 907, first 2 lines,** are repealed and the following enacted in their place: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

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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

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  
6 §6201-A. Short title

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

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12 §5, is repealed and the following enacted in its place:

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

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

23  
24 Sec. 9. 36 MRSA §6207, sub-§2, as repealed and replaced by PL  
25 1987, c. 839, §3, is repealed.

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

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

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

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

43  
44 §6212. Denial of claim

45  
46 If it is determined that a claim is excessive and was filed  
47 with fraudulent intent, the claim shall be disallowed in full  
48 and, if the claim has been paid the amount paid may be recovered  
49 by assessment, and the assessment shall bear interest from the  
50 date of payment or credit of the claim, until refunded or paid,  
51 at the rate of 1% per month. The claimant in such case, and any

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
<b>FINANCE, DEPARTMENT OF</b>		
<b>Bureau of Taxation -</b>		
<b>Low-income Tax Relief</b>		
23	Positions - Legislative Count (19)	(19)
	Personal Services \$252,589	\$318,007
25	All Other 3,666,651	114,937
	Capital Expenditures 80,760	

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

41	<b>DEPARTMENT OF FINANCE</b>		
	<b>TOTAL</b>	\$4,000,000	\$432,944
43	<b>TOTAL APPROPRIATIONS -</b>		
45	<b>PART A</b>	\$4,000,000	\$432,944

47 **PART B**

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

SUBCHAPTER IV-A

HOMESTEAD PROPERTY TAX EXEMPTIONS

§671. Definitions

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

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

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

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

§672. Permanent residency; factual determination by municipal assessor

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

1. Formal declarations. Formal declarations of the applicant;

2. Informal statements. Informal statements of the applicant;

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

4. Previous permanent residency. The previous permanent residency by the applicant in a state other than Maine or in another country and the date nonMaine residency was terminated;

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

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

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

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

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

§673. Exemption of homesteads

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

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

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

2. Amount of exemption. Every person who has the legal title or beneficial title in equity to real property in this State and who resides on that real property, and in good faith makes the same that person's permanent residence or the permanent residence of another or others legally or naturally dependent upon that person, is entitled to an exemption from all taxation, except for assessments for special benefits of 10% of just valuation up to the just valuation of \$100,000 on the residence 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 apportioned among the owners that reside on the property, to the extent of their respective interests; but no exemption of more 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 exemption up to 10% of the first \$100,000 of just value may be allowed on each apartment occupied by a tenant-stockholder or member of a cooperative apartment corporation and on each

1 condominium parcel occupied by its owner; nor shall the amount of  
2 the exemption allowed any person exceed the proportionate just  
3 valuation based on the interest owned by that person.

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

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

15 **§674. Forms**

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

21 **§675. Application**

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

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

39 3. Reapplication. Any municipality may, at the request of  
40 the municipal assessor and by majority vote of its governing  
41 body, waive the requirement that an annual application be made  
42 for exemption for property within the municipality after an  
43 initial application is made and exemption granted, except that  
44 reapplication shall be required when any property granted an  
45 exemption is sold or otherwise disposed of, when the ownership  
46 changes in any manner or when the applicant for homestead  
47 exemption ceases to use the property as a homestead. In its  
48 deliberations on whether to waive the annual application  
49 requirement, the governing body shall consider the possibility of  
50 fraudulent homestead exemption claims which may occur due to the  
51 waiver of the annual application requirement. It is the duty of  
the owner of any property granted an exemption who is not



1 required to file an annual application to notify the municipal  
2 assessor promptly whenever the use of the property changes so as  
3 to change the exempt status of the property. Any property owner  
4 who fails to notify the municipal assessor shall be subject to  
5 the provisions of section 678. This subsection shall apply only  
6 to exemptions requested pursuant to this section.

7  
8 **§676. Duty of municipal assessor**

9  
10 The municipal assessor shall examine each claim for  
11 exemption filed with the municipal assessor and if the claim is  
12 found to be in accordance with law, shall mark the claim approved  
13 and make the proper deductions on the tax books.

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

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

1 application as in section 675 shall not constitute any bar or  
2 defense to further proceedings.

3 §678. Lien imposed on property of person claiming exemption  
4 although not permanent resident

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

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

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

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

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

1 to January 1, 1990. The State Tax Assessor shall submit the  
3 results of this review, together with any necessary implementing  
5 or correcting legislation, to the Joint Standing Committee on  
7 Taxation in the Second Regular Session of the 114th Legislature.

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

	1989-90	1990-91
<b>FINANCE, DEPARTMENT OF</b>		
<b>Bureau of Taxation - Homestead Exemption</b>		
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.		
<b>DEPARTMENT OF FINANCE</b>		
<b>TOTAL</b>	<b>\$55,080</b>	<b>\$36,593,418</b>
<b>TOTAL APPROPRIATIONS - PART B</b>	<b>\$55,080</b>	<b>\$36,593,418</b>

**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.

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

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

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

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

19           §6251. Deferral of tax on homestead; joint election; age  
20 requirement; filing claim

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

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

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

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

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

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

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

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

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

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

27           5. Spouse not required to claim. Nothing in this section  
29           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.

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

37           §6252. Property entitled to deferral

39           In order to qualify for tax deferral under this chapter, the  
41           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.

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

49           2. Fee simple estate. The person claiming the deferral  
51           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

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

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

11 §6253. Claim forms; contents

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

17 A. Describe the homestead;

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

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

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

37 §6254. State liens against tax-deferred property

39 1. Lien. The bureau shall have a lien against the  
41 tax-deferred property for the payment of the deferred taxes plus  
43 interest thereon and any fees paid to the county clerk by the  
45 bureau in connection with the recording, release or satisfaction  
47 of the lien. The liens for deferred taxes shall attach to the  
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.

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

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

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

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

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

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

37 §6256. Recording liens in county; recording constitutes notice  
39 of state lien

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

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

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

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

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

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

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

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

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

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

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

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

29           §6259. Events requiring payment of deferred tax and interest

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

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

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

51



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

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

8           §6260. Time for payments; delinquencies

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

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

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

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

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

33           §6261. Election by spouse to continue tax deferral

34  
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

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

1

2. Continuation of deferral by spouse. A spouse who does not meet the age requirements of subsection 1, paragraph A, but is otherwise qualified to continue the property in its tax-deferred status under subsection 1 may continue the deferral of property taxes deferred for previous years by filing a claim within the time and in the manner provided under section 6251. If a spouse eligible for and continuing the deferral of taxes previously deferred under this subsection becomes 62 years of age prior to April 1st of any year, the spouse may elect to continue the deferral of previous years' taxes deferred under this subsection and may elect to defer the current assessment year's 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.

19

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

27

§6262. Voluntary payment of deferred tax and interest

29

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

31

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:

35

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

37

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.

39

41

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.

43

45

47

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

49

51

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

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

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

15 1. Payment extension. If the taxpayer who claimed  
17 homestead property tax deferral dies, or if a spouse who  
19 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:

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

23 (1) By inheritance or devise; or

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

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

33 C. An individual or individuals make application to the  
35 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.

37 2. Extension terms. Subject to paragraph B, an extension  
39 granted under this section shall be for a period not to exceed 5  
41 years after August 15th of the calendar year following the  
43 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.

45 An extension granted under this section shall terminate  
47 immediately if:

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

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

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

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

13           §6264. Limitations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

32  
 33 **Sec. 3. Appropriation.** The following funds are appropriated  
 34 from the General Fund to carry out the purposes of this Part.

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

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**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.

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

	<b>1989-90</b>	<b>1990-91</b>
<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>	<u>\$5,523,383</u>	<u>\$5,523,383</u>

**PART E**

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

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

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

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

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

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

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

45

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

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

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

17 **1989-90**

19 **LEGISLATURE**

21 **Study Commissions - Funding**

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

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

31	<b>LEGISLATURE</b>	
33	<b>TOTAL</b>	\$7,150

35	<b>TOTAL APPROPRIATIONS - PART E</b>	<b>\$7,150</b>
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37 **PART F**

39           **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,  
41 §2; and c. 104, Pt. C, §§8 and 10, is further amended to read:

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

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



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

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

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

13 **FISCAL NOTE**

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

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

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

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

31 Part D, section 3, would require an appropriation of  
33 \$5,523,383 in both fiscal year 1989-90 and 1990-91.

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

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

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

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

43 **STATEMENT OF FACT**

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

