

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 1223

H.P. 880

House of Representatives, April 18, 1989

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative NORTON of Winthrop.

Cosponsored by Senator WEYMOUTH of Kennebec, Representative AULT of Wayne and Representative GOULD of Greenville.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-NINE

An Act to Create a Property Tax Option for Elderly Homeowners.



1 **Be it enacted by the People of the State of Maine as follows:**

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

5 **CHAPTER 908**

7 **DEFERRED COLLECTION OF HOMESTEAD PROPERTY TAXES**

9 **§6250. Definitions**

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

15 1. Bureau. "Bureau" means the Bureau of Taxation.

17 2. Homestead. "Homestead" means the owner-occupied
19 principal dwelling, either real or personal property, owned by
21 the taxpayer and the tax lot upon which it is located. If the
23 homestead is located in a multi-unit building, the homestead is
25 the portion of the building actually used as the principal
27 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.

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

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

35 5. Taxpayer. "Taxpayer" means an individual who has been
37 granted tax deferral under this chapter or individuals who have
jointly been granted deferral under this chapter.

39 **§6251. Deferral of property tax on homestead.**

41 1. Property tax deferral. The municipal officers or, for
43 an unorganized territory, the State Tax Assessor may, on their
45 own knowledge or at the request of a taxpayer, make property tax
47 deferments that they believe are reasonable on taxes on the
homesteads of all persons 62 years of age and older who by reason
of infirmity or poverty are, in their judgment, unable to
contribute to the public charges.

49 2. Effect of deferral. When the municipal officers, for
51 the unorganized territory, or the State Tax Assessor grants a
deferral 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; or

5 B. Continuing deferral of the payment by the taxpayer of
7 any property taxes deferred under this chapter for previous
 years.

9 §6252. Property entitled to deferral

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

17 1. Taxpayer's homestead. The property must be the
19 principal dwelling of the individual or individuals who receive
 the deferral, except when an individual is required to be absent
 from the homestead by reason of health.

21 2. Fee simple estate. The person receiving the deferral
23 must, solely or together with the person's spouse, own the fee
25 simple estate or be purchasing the fee simple estate under a
27 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
29 live in the homestead and if all owners apply for the deferral
 jointly.

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

37 §6253. 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 and any fees paid to the county clerk by the bureau in
45 connection with the recording, release or satisfaction of the
47 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 in the same manner as the lien of a mortgage on real property.
 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
2
3 3. Foreclosure receipts. Receipts from foreclosure
4 proceedings shall be credited in the same manner as other
5 repayments of deferred property taxes under section 6260.

6
7 §6254. Listing of tax-deferred property; interest accrual

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

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

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

23
24 §6255. Recording liens in county; recording constitutes notice
25 of state lien

26
27 1. Recording of liens. For each municipality in which
28 there is tax-deferred property, the bureau shall cause to be
29 recorded in the mortgage records of the county, a list of
30 tax-deferred properties of that municipality. The list shall
31 contain a description of the property as listed on the assessment
32 roll together with the name of the owner.

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

41
42 §6256. Municipal tax collector to receive amount equivalent to
43 deferred taxes from State

44
45 1. Amount of deferred taxes. Upon determining the amount
46 of deferred taxes on tax-deferred property for the tax year, the
47 bureau shall pay to the respective municipal tax collectors an
48 amount equivalent to the deferred taxes. Payment shall be made
49 from the revolving fund established under section 6260.

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 §6257. Notice to taxpayer regarding duty to receive 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 been granted deferral of property taxes for the current tax
11 year. 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 deferral and the interest accruing to November
16 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 tax
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 a postcard or other form of mail
26 sent to the residence address of the taxpayer determined by the
27 bureau to be the correct address of the taxpayer.

28 §6258. Events requiring payment of deferred tax and interest

29 All deferred property taxes, including accrued interest,
30 become payable when:

31 1. Death of claimant. The taxpayer who received deferment
32 of collection of property taxes on the homestead dies or, if
33 there was more than one owner, the surviving taxpayer of the
34 taxpayers who originally received deferment of collection of
35 property taxes dies;

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

40 3. Taxpayer moves. The tax-deferred property is no longer
41 the homestead of the taxpayer who was granted the deferral,

1 except in the case of a taxpayer required to be absent from that
2 tax-deferred property by reason of health; or

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

7 §6259. Voluntary payment of deferred tax and interest

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

11
12 2. Taxes and interest. Subject to subsection 3, all or
13 part of the deferred taxes and accrued interest may at any time
14 be paid to the bureau by:

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

16
17 B. The next of kin of the taxpayer, heir at law of the
18 taxpayer, child of the taxpayer or any person having or
19 claiming a legal or equitable interest in the property.

20
21 3. Notice of payment. A person listed in subsection 2,
22 paragraph B, may make the payments only if no objection is made
23 by the taxpayer within 30 days after the bureau deposits in the
24 mail notice to the taxpayer of the fact that the payment has been
25 tendered.

26
27 4. Payment application. Any payment made under this
28 section shall be applied first against accrued interest and any
29 remainder against the deferred taxes. This payment does not
30 affect the deferred-tax status of the property. Unless otherwise
31 provided by law, this payment does not give the person paying the
32 taxes any interest in the property or any claim against the
33 estate, in the absence of a valid agreement to the contrary.

34
35 5. Lien discharge. When the deferred taxes and accrued
36 interest are paid in full and the property is no longer subject
37 to deferral, the bureau shall prepare and record in the county in
38 which the property is located a satisfaction of deferred property
39 tax lien.

40 §6260. Property Tax Deferral Revolving Fund; sources; uses

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44 1. Revolving fund. This section establishes in the State
45 Treasury the Property Tax Deferral Revolving Fund to be used by
46 the bureau for the purpose of making the payments to municipal
47 tax collectors of property taxes deferred for tax years beginning
48 on or after April 1, 1990, as required by section 6256.

49
50 2. Sources of fund. There shall be paid into the fund the
51 following:

1 A. All money appropriated for inclusion in the fund;

3 B. All money received by the bureau under this chapter as
5 repayments of deferred property taxes including the interest
 accrued under section 6254; and

7 C. Subject to any pledge, contract or other obligation, all
9 interest, dividends or other pecuniary gains from investment
 of money of the fund.

11 **Sec. 2. Effective date.** This Act shall take effect only if a
13 General Fund bond issue to establish a property tax deferral
 revolving fund is enacted by the First Regular Session of the
15 114th Legislature and approved by the voters in a manner directed
 by the Legislature.

17

STATEMENT OF FACT

19

21 This bill establishes a property tax deferral program for
 persons 62 years of age and older who, due to infirmity or
23 poverty, are unable to pay property tax on their homes. It is a
 companion measure to "An Act to Issue a General Fund Bond Issue
25 in the Amount of \$5,000,000 to Fund a Property Tax Deferral
 Revolving Fund for Elderly Persons," and will take effect only if
 that bond issue is enacted and ratified.

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