

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 1272

H.P. 909

House of Representatives, April 20, 1989

Reference to the Committee on Taxation suggested and ordered printed.

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

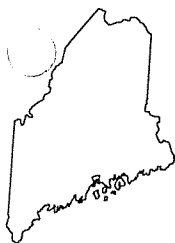
EDWIN H. PERT, Clerk

Presented by Representative ROLDE of York.
Cosponsored by Senator ESTES of York.

STATE OF MAINE

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

An Act to Provide Property Tax Relief.



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

3 PART A

5 36 MRSA c. 105, sub-c. IV-A is enacted to read:

7 SUBCHAPTER IV-A

9 HOMESTEAD PROPERTY TAX EXEMPTION

11 §671. Short title

13 This subchapter shall be known and may be cited as the
15 "Homestead Property Tax Exemption Act."

17 §672. Exemption of homesteads

19 1. Amount of exemption. Every person who has the legal
21 title or beneficial title in equity to real property in this
23 State and resides on that property, and in good faith makes that
25 property a permanent residence or the permanent residence of
27 another or others legally or naturally dependent on that person,
29 is entitled to an exemption from all taxation, except for
31 assessments for special benefits, of 15% of the assessed
valuation of the residence and 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, as their respective interests shall appear. No
exemption of more than 15% of assessed value may be allowed to
any one person or on any one dwelling house.

33 2. Applicability. The exemption provided in this section
35 applies only to those parcels classified and assessed as
owner-occupied residential property or to the portion of property
so classified and assessed.

37 3. Additional exemptions. The exemptions provided in
39 sections 653 and 654 shall be in addition to the homestead
exemption.

41 §673. Permanent residency; factual determination by property
43 appraiser

45 Intention to establish a permanent residence in this State
47 is a factual determination to be made in the first instance by
49 the municipal assessor. For the purposes of this subchapter,
51 "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. When a
permanent residence is established in a foreign state or country,
that residence is presumed to continue until the person indicates

1 that a change has occurred. No one factor is conclusive evidence
2 of the establishment or nonestablishment of permanent residence.
3 Relevant factors that may be considered by the municipal assessor
4 in making a determination of the intent of a person claiming a
5 homestead exemption to establish a permanent residence in this
6 State are as follows:

7
8 1. Formal declarations. Formal declarations of the
9 applicant;

11 2. Informal statements. Informal statements of the
12 applicant;

13
14 3. Place of employment. The place of employment of the
15 applicant;

17 4. Previous permanent residency. The previous permanent
18 residency by the applicant in another state or in another country
19 and the date that residency was terminated;

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

23
24 6. Driver's license. The place of issuance of a driver's
25 license to the applicant;

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

29
30 8. Federal income tax returns. The address as listed on
31 federal income tax returns filed by the applicant; or

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

35
36 **§674. Forms**

37
38 The Bureau of Taxation shall furnish to the municipal
39 assessor of each municipality a sufficient number of printed
40 forms to be filed by taxpayers claiming to be entitled to the
41 exemption and shall prescribe the content of those forms by rule.

43 **§675. Homestead exemptions; claims**

45 1. Application. At the time each taxpayer files a claim
46 for a homestead exemption, the municipal assessor shall deliver
47 to the taxpayer a receipt, signed by the municipal assessor or an
48 authorized designee, which appropriately identifies the property
49 covered in the application and bears the date the application was
50 received by the municipal assessor. The possession of the
51 receipt is conclusive proof of the timely filing of the
application.

1
2. False filing. Any person who knowingly gives false
3 information for the purpose of claiming a homestead exemption as
4 provided for in this subchapter is guilty of a Class E crime.

5
6
7 3. Reapplication. Any municipality may, at the request of
8 the municipal assessor and by majority vote of its governing
9 body, waive the requirement that an annual application be made
10 for exemption for property within the municipality after an
11 initial application is made and exemption granted, except that
12 reapplication shall be required when any property granted an
13 exemption is sold or otherwise disposed of, when the ownership
14 changes in any manner or when the applicant for homestead
15 exemption ceases to use the property as a homestead. In
16 deliberating on whether to waive the annual application
17 requirement, the governing body shall consider the possibility of
18 fraudulent homestead exemption claims which may occur due to the
19 waiver of the annual application requirement. It is the duty of
20 any property owner granted an exemption who is not required to
21 file an annual application to notify promptly the municipal
22 assessor when the use of the property changes so that the
23 municipal assessor may change the exempt status of the property.
24 Any property owner who fails to notify the municipal assessor
25 shall be subject to section 678. This subsection shall apply
26 only to exemptions requested pursuant to this section.

27 §676. Duty of municipal assessor

28
29 The municipal assessor shall examine each claim for
30 exemption filed with the municipal assessor and if the claim is
31 found to be in accordance with law, shall mark the claim approved
32 and make the proper deductions on the tax books.

33
34 §677. Homestead exemptions; approval, refusal, hearings

35
36
37 The municipal assessors of the several municipalities of the
38 State shall, as soon as practicable after April 1st of each year
39 and on or before July 1st of the same year, carefully consider
40 all applications for tax exemptions that have been filed in their
41 respective offices on or before March 1st of that year. If, upon
42 investigation, the municipal assessor finds that the taxpayer
43 applicant is entitled to the tax exemption applied for under the
44 law, the municipal assessor shall make any entries upon the tax
45 rolls of the municipality necessary to allow the exemption to the
46 taxpayer applicant. If, after due consideration, the municipal
47 assessor finds that the applicant is not entitled under the law
48 to the exemption asked for, the municipal assessor shall
49 immediately make out a notice of disapproval, giving the reasons
50 for disapproval, a copy of which shall be served on the taxpayer
51 applicant by the municipal assessor either by personal delivery
or by registered mail to the post office address given by the
taxpayer applicant and shall file the notice with the clerk of

1 the State Board of Property Tax Review. The notice of
3 disapproval of application for the exemption, when filed with the
5 board, shall constitute an appeal of the taxpayer applicant to
7 the board from the decision of the municipal assessor refusing to
9 allow the exemption for which application was made and the board
11 shall review the application and evidence presented to the
13 municipal assessor upon which the taxpayer applicant based the
15 claim for exemption and hear the taxpayer applicant in person or
17 by agent on behalf of the taxpayer applicant's right to an
19 exemption. The board shall reverse the decision of the municipal
21 assessor and grant exemption to the applicant if, in its
23 judgment, the taxpayer applicant is entitled to the exemption or
25 shall affirm the decision of the municipal assessor. That action
27 of the board is final unless the taxpayer applicant, within 15
29 days from the date of refusal of the application by the board,
31 files in the District Court of the county in which the homestead
33 is situated a proceeding against the municipal assessor for a
35 declaratory judgment or other appropriate proceeding. The
37 failure of the taxpayer to appear before the municipal assessor
39 or State Board of Property Tax Review or to file any paper other
41 than the application under section 675 shall not constitute any
43 bar or defense to further proceedings.

23 **§678. Homestead exemptions; lien imposed on property of person**
25 **claiming exemption although not a permanent resident**

27 1. Tax lien. When the estate of any person is being
29 probated or administered in another state under an allegation
31 that that person was a resident of that state and the estate of
33 that person contains real property situated in this State for
35 which homestead exemption has been allowed pursuant to section
37 675 for any year or years within 10 years immediately prior to
39 the death of that person, then within 3 years after the death of
41 that person, the assessor of the municipality where the real
43 property is located shall, upon knowledge of that fact, record a
45 notice of tax lien against the property in the public records of
47 that municipality and the property shall be subject to the
49 payment of all taxes for which an exemption was allowed, plus 15%
51 interest per year, unless the District Court having jurisdiction
over the ancillary administration in this State determines that
the decedent was a permanent resident of this State during the
year or years an exemption was allowed, in which case the lien
shall not be filed or, if filed, shall be canceled of record by
the municipal assessor of the municipality where the real estate
is located.

47 2. Property subject to tax. In addition to subsection 1,
49 upon determination by the municipal assessor that for any year or
51 years within the prior 10 years a person who was not entitled to
a homestead exemption was granted a homestead exemption from ad
valorem taxes, that person's property situated in this State

1 shall be subject to the taxes exempted plus 15% interest per
2 annum.

3
4 3. Collection. Taxes provided in this section shall be
5 collected in the same manner as existing ad valorem taxes and the
6 procedure in this section for recapturing taxes shall be
7 supplemental to any existing provision under the laws of this
8 State.

9
10 4. Notice. The lien provided for in this section shall not
11 attach to the property until the notice of tax lien is filed in
12 the public records of the municipality where the property is
13 located. Prior to the filing of the notice of lien, any
14 purchaser for value of the subject property shall purchase that
15 property free and clear of the lien.

17 **PART B**

19 **Sec. 1. 36 MRSA §1811, first ¶,** as repealed and replaced by PL
20 1987, c. 497, §40, is amended to read:

21
22 A tax is imposed at the rate of 5% 6% on the value of all
23 tangible personal property, on telephone and telegraph service,
24 on extended cable television service, on fabrication services and
25 on custom computer programming sold at retail in this State and
26 at the rate of 7% on the value of all other taxable services sold
27 at retail in this State. Value shall be measured by the sale
28 price, except as otherwise provided.

29
30 **Sec. 2. 36 MRSA §1812, sub-§1, ¶A,** as repealed and replaced by
31 PL 1987, c. 402, Pt. A, §181, is repealed and the following
32 enacted in its place:

33 A. If the tax rate is 6%:

34

<u>Amount of Sale Price</u>	<u>Amount of Tax</u>
<u>\$.01 to \$.09, inclusive</u>	<u>0¢</u>
<u>.10 to .16, inclusive</u>	<u>1¢</u>
<u>.17 to .33, inclusive</u>	<u>2¢</u>
<u>.34 to .50, inclusive</u>	<u>3¢</u>
<u>.51 to .66, inclusive</u>	<u>4¢</u>
<u>.67 to .83, inclusive</u>	<u>5¢</u>
<u>.84 to 1.00, inclusive</u>	<u>6¢</u>

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46 One-sixth of the amount collected under this paragraph shall
47 be deposited into the block grant fund established in
48 section 1812-A.

49
50 **Sec. 3. 36 MRSA §1812, sub-§2,** as repealed and replaced by PL
51 1987, c. 402, Pt. A, §181, is amended to read:

1 A. The State Tax Assessor shall determine annually the
3 statewide average dollar increase in valuation. For the
5 purposes of this section, the "average dollar increase in
7 valuation" means the quotient of the actual dollar increase
9 in valuation in any given year as compared to the previous
11 year divided by the total number of municipalities.

13 B. The State Tax Assessor shall multiply the average dollar
15 increase in valuation by 7%.

17 C. Each municipality shall receive from the State the
19 difference between the product resulting from paragraph B
21 and the municipality's actual dollar increase in valuation.

23 In no case may this formula result in an obligation on the part
25 of the municipality to pay money to the State.

27 **PARTE**

29 **36 MRSA §662 is enacted to read:**

31 **§662. Reimbursement to municipalities for exempt state-owned**
33 **property**

35 **1. Reimbursement.** The Treasurer of State shall annually on
37 November 1st make payments to municipalities to reimburse them
39 for property tax losses resulting from the presence of certain
41 exempt state-owned property located within the municipality.

43 **2. Property subject to reimbursement.** The following
45 categories of exempt state-owned property are subject to
47 reimbursement under this section:

49 **A. Property subject to supervision by the Department of**
51 **Corrections; and**

B. Property subject to supervision by the Department of
Mental Health and Mental Retardation.

3. Amount of payment. The amount of reimbursement shall be
equal to 50% of the property tax loss to each municipality for
the preceding state fiscal year. That loss shall be determined
by multiplying the estimated municipal value of reimbursable
property times the municipal mill rate and dividing by 2.

4. Estimation of value of reimbursable property. The State
Tax Assessor shall, by August 1st, annually estimate the
municipal value of reimbursable property in each municipality for
the preceding state fiscal year and certify that amount to the
Treasurer of State.

