

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 808

S.P. 290

In Senate, January 28, 1999

An Act to Amend the Homestead Exemption Law.

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator NUTTING of Androscoggin.
Cosponsored by Representative GAGNON of Waterville and
Senators: DOUGLASS of Androscoggin, PINGREE of Knox, TREAT of Kennebec,
Representative: SHIAH of Bowdoinham.

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

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Sec. 1. 36 MRSA §681, sub-§2, as enacted by PL 1997, c. 643, Pt. HHH, §3 and affected by §10, is amended to read:

2. **Homestead.** "Homestead" means any residential property in this State assessed as real property ~~owned by an applicant or held in a revocable living trust for the benefit of the applicant~~ and that is occupied by the applicant as the applicant's permanent residence and is either owned by the applicant, held in revocable living trust for the benefit of the applicant or in the possession of the applicant pursuant to a bond for a deed contract that by its terms obligates the applicant as buyer to be responsible for all real estate taxes assessed against the residential property. "Homestead" also means any residential property that would otherwise qualify except that the title to the property has been transferred to the applicant's children without the benefit of a life estate but evidence is available to the assessor that despite the transfer of title the applicant is in possession of the property and it is being used as the applicant's principal residence. A "homestead" does not include any real property used solely for commercial purposes.

Sec. 2. 36 MRSA §683, sub-§1, as enacted by PL 1997, c. 643, Pt. HHH, §3 and affected by §10, is amended to read:

1. **Exemption amount.** The estate up to the just value of ~~\$7,000~~ \$7,500 of the homestead of a permanent resident of this State who has owned or possessed a homestead in this State for the preceding 12 months is exempt from taxation except for assessments for special benefits. In determining the local assessed value of the exemption, the assessor shall multiply the amount of the exemption by the ratio of current just value upon which the assessment is based as furnished in the assessor's annual return pursuant to section 383. If the title to a homestead is held by the applicant jointly or in common with others, the exemption may not exceed ~~\$7,000~~ \$7,500 of the just value of the homestead, but may be apportioned among the owners who reside on the property to the extent of their respective interests. A municipality responsible for administering the homestead exemption has no obligation to create separate accounts for each partial interest in a homestead owned jointly or in common.

SUMMARY

This bill increases the amount of the homestead property tax exemption provided to residents of this State from \$7,000 to \$7,500. It also expands eligibility for the exemption to include

2 property in the possession of an applicant pursuant to a bond for
a deed contract and property that would otherwise qualify except
4 that the title to the property has been transferred to the
applicant's children without the benefit of a life estate in
6 cases in which the applicant is in possession of the property and
it is being used as the applicant's principal residence.