

# MAINE STATE LEGISLATURE

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# 120th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2001

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Legislative Document

No. 261

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H.P. 226

House of Representatives, January 23, 2001

**An Act to Establish the Maine Resident Homestead Property Tax Rebate Program.**

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*

MILLICENT M. MacFARLAND, Clerk

Presented by Representative GOODWIN of Pembroke.

Cosponsored by Representative POVICH of Ellsworth and Representative TUTTLE of Sanford.



2           3. Condominium. "Condominium" means the form of real  
property ownership provided for under the Maine Condominium Act.

4  
6           4. Continuing care retirement community. "Continuing care  
retirement community" means a residential facility primarily for  
8 retired persons where lodging and nursing, medical or other  
health-related services at the same or another location are  
10 provided as continuing care to an individual pursuant to an  
agreement effective for the life of the individual or for a  
12 period greater than one year, including mutually terminable  
contracts, in consideration of the payment of an entrance fee  
with or without periodic charges.

14           5. Cooperative apartment corporation. "Cooperative  
16 apartment corporation" means a corporation, whether for profit  
or nonprofit, organized for the purpose of owning, maintaining  
18 and operating an apartment building or apartment buildings  
occupied by its shareholders or members.

20           6. Dwelling house. "Dwelling house" means any residential  
22 property assessed as real property, but does not include a  
condominium or a unit of a cooperative apartment corporation.

24           7. Equalized property tax rate. "Equalized property tax  
26 rate" means the municipal property tax rate for the property tax  
year beginning April 1st of the prior calendar year, multiplied  
28 by the overall assessment ratio for developed residential  
property as determined by the assessor and included in the most  
30 recently certified state valuation.

32           8. Exemption amount. "Exemption amount" means an amount  
not to exceed \$10,000 determined by the assessor in such a manner  
34 that the grant appropriation for the relevant year is not  
exceeded. The exemption amount so determined must be rounded  
36 downward to the nearest \$50 increment. The amount so determined  
must be uniformly applied for the year in calculating rebates.

38           9. Homestead. "Homestead" means:

40           A. A dwelling house and the land on which that dwelling  
42 house is located that constitute the place of the claimant's  
domicile and are owned and used by the claimant as the  
44 claimant's principal residence;

46           B. A dwelling house situated on land owned by a person  
48 other than the claimant that constitutes the place of the  
claimant's domicile and is owned and used by the claimant as  
50 the claimant's principal residence;

2 C. A condominium unit that constitutes the place of the  
3 claimant's principal domicile and is owned and used by the  
4 claimant as the claimant's principal residence; or

5 D. A cooperative apartment corporation unit that  
6 constitutes the place of domicile of a claimant who is a  
7 residential shareholder in such a corporation.

8  
9 For purposes of this subsection, in addition to the generally  
10 accepted meaning of "owned" or "ownership," a homestead is deemed  
11 to be owned by a person if that person is a tenant for life or a  
12 tenant under a lease for 99 years or more and is entitled to and  
13 actually takes possession of the homestead under an executory  
14 contract for the sale of the homestead or under an agreement with  
15 a lending institution that holds title as security for a loan, or  
16 is a resident of a continuing care retirement community pursuant  
17 to a contract for continuing care for the life of that person  
18 that requires the resident to bear, separately from any other  
19 charges, the proportionate share of property taxes attributable  
20 to the unit that the resident occupies.

21 10. Municipality. "Municipality" means any incorporated  
22 town, city or plantation in this State. For purposes of this  
23 subchapter, "municipality" includes the Unorganized Territory.

24  
25 11. Principal residence. "Principal residence" means a  
26 homestead actually and continually occupied by a claimant as the  
27 claimant's permanent residence, as distinguished from a vacation  
28 home, property owned and rented or offered for rent by the  
29 claimant or other secondary real property holdings.

30  
31 12. Prior calendar year. "Prior calendar year" means the  
32 calendar year prior to the calendar year during which an  
33 application for rebate is filed pursuant to this subchapter.

34  
35 13. Rebate amount. "Rebate amount" means the exemption  
36 amount multiplied by the equalized property tax rate.

37  
38 14. Residential shareholder. "Residential shareholder"  
39 means a holder of a membership interest in a cooperative  
40 apartment corporation whose residential unit in that cooperative  
41 apartment corporation constitutes the holder's principal  
42 residence and who may deduct real property taxes for purposes of  
43 federal income tax pursuant to Section 216 of the Code.

44 **§783. Rebate allowed for property taxes paid on homestead**

45  
46 1. Generally. A claimant who has occupied a principal  
47 residence in this State during the entire prior calendar year is  
48 entitled to a payment from the State in an amount equal to the  
49

2 rebate amount as determined by the assessor. The rebate amount  
3 is based on the municipality in which the claimant's principal  
4 residence was located on April 1st of the prior calendar year.

6 2. Multiple claimants. Only one rebate per homestead is  
7 allowed. If title to a homestead is held by more than one  
8 individual as joint tenants, tenants by the entirety or tenants  
9 in common, the rebate must be jointly allowed to those eligible  
10 occupants as listed on the property tax bill on April 1st of the  
11 prior calendar year. If the homestead is owned and occupied by  
12 claimants who are husband and wife, the rebate is allowed to both  
13 individuals jointly.

14 3. Multiple residential units. If the homestead of a  
15 claimant is a residential property consisting of more than one  
16 unit, that claimant is allowed a rebate pursuant to this section  
17 only if property taxes are assessed and levied against the  
18 residential unit occupied by that claimant.

20 **§784. Application for rebate; proof of taxes paid**

22 1. Generally. A rebate pursuant to this subchapter is not  
23 allowed except upon annual application for the rebate in a manner  
24 and on a form prescribed by the assessor. The assessor may  
25 require that the application submitted pursuant to this section  
26 contain any information reasonably required for the  
27 administration of this subchapter, including any information  
28 necessary to verify the claimant's extent of eligibility for a  
29 rebate. All applications are considered as if made under oath  
30 and a claimant is subject to the penalties provided by law for  
31 perjury with respect to false declarations. The assessor may  
32 provide for the option of filing an application using the  
33 telefile system established by the assessor. A rebate is allowed  
34 pursuant to this subchapter for a claimant whose ownership of an  
35 interest in a homestead is satisfied by the holding of the  
36 beneficial interest if legal title to or share in the homestead  
37 is held by another for the benefit of the claimant.

38 2. Application form. The application form must be  
39 submitted either:

42 A. As part of the claimant's income tax return filed  
43 pursuant to Part 8; or

44 B. On a form prescribed by the assessor if:

46 (1) The claimant is not required to file an income tax  
47 return; or  
48

2           (2) The claimant has filed an application for an  
3           extension of time to file the claimant's income tax  
4           return.

5           In calendar year 2002, the application must be submitted on a  
6           form as prescribed by the assessor.

7           3. Filing period. Applications must be filed between  
8           January 1st and April 15th unless the filing period has been  
9           extended pursuant to subsection 4.

10           4. Extensions. In case of sickness, absence or other  
11           disability or if, in the judgment of the assessor, good cause  
12           exists, the assessor may extend the time for filing a rebate  
13           application for a period not to exceed 120 days.

#### 14           **§785. Payments**

15           1. Generally. Upon approval of rebate applications by the  
16           assessor, the assessor shall prepare and certify lists of persons  
17           entitled to a rebate together with the respective amounts due  
18           each claimant and shall forward these lists, on or before  
19           September 30th, to the State Controller. The Treasurer of State,  
20           upon direction of the State Controller, shall pay and distribute  
21           the amount of the rebate as approved by the assessor. A claim of  
22           less than \$10 may not be granted.

23           2. Audits by assessor; setoff. If, upon audit of any claim  
24           filed under this subchapter, the assessor determines that a claim  
25           for a rebate has been incorrectly determined, the assessor shall  
26           redetermine the claim and notify the claimant in writing of such  
27           redetermination and the reasons for the redetermination. The  
28           redetermination is final unless appealed by the claimant pursuant  
29           to section 787. The assessor may set off against the rebate any  
30           other liabilities owed by the claimant pursuant to section 185.

31           3. Payments made in error. If the assessor determines that  
32           a claim has been incorrectly calculated or paid in error, the  
33           amount paid may be recovered by assessment, and the assessment  
34           bears interest from the date of payment of the claim, until  
35           refunded or paid, at the rate provided by section 186.

#### 36           **§786. Criminal violations**

37           An individual who knowingly gives false information for  
38           purposes of claiming a rebate under this subchapter commits a  
39           Class E crime.

#### 40           **§787. Appeals**

2 A claimant who is aggrieved by the disapproval of a claim  
3 for a rebate or by the redetermination of a rebate amount by the  
4 assessor may, within 30 days after notification of the decision  
5 indicating the reason for the disapproval or the redetermination,  
6 appeal that decision pursuant to section 151. The appeal  
7 provided by this section is the exclusive remedy available to a  
8 claimant for review of a decision of the assessor with respect to  
9 the denial or redetermination of the amount of a rebate.

10 **§788. Other exemptions**

12 The exemption provided in this subchapter is in addition to  
13 the exemptions provided in sections 653 and 654.

14 **Sec. 5. Legislative intent.** It is the intent of the Legislature  
15 that the Maine Resident Homestead Property Tax Rebate Program  
16 enacted by this Act replace the Maine resident homestead property  
17 tax exemption established in the Maine Revised Statutes, Title  
18 36, chapter 105, subchapter IV-B and repealed by this Act.

19 **Sec. 6. Effective date.** This Act takes effect January 1, 2002.  
20

22  
23 **SUMMARY**

24  
25  
26 This bill repeals the Maine resident homestead property tax  
27 exemption that provides an exemption to residential homeowners  
28 from property taxes of up to \$7,000 of the just value of the  
29 property. Under the exemption program, municipalities then apply  
30 to the State for reimbursement of the taxes lost due to the  
31 exemption.

32  
33 This bill replaces the exemption program with the Maine  
34 Resident Homestead Property Tax Rebate Program to provide  
35 directly to residential property owners a rebate of property  
36 taxes paid on residential property up to \$10,000 of the just  
37 value of that property. The new program requires the homeowner  
38 to apply directly to the State for the rebate and allows the  
39 homeowner to make application for the rebate either as part of  
40 the homeowner's income tax return or on a separate form provided  
by the State Tax Assessor.