

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 1208

H.P. 882

House of Representatives, March 6, 2003

An Act To Provide Property Tax Relief to Maine Citizens Who Meet Certain Guidelines

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative ANDREWS of York.

Cosponsored by Representative MILLETT of Waterford, Senator LEMONT of York and Representatives: COLLINS of Wells, DAVIS of Falmouth, DUDLEY of Portland, EDER of Portland, GLYNN of South Portland, LEWIN of Eliot, Senators: DAVIS of Piscataquis, MAYO of Sagadahoc.

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

4 Sec. 1. 36 MRSA c. 105, sub-c. 11 is enacted to read:

6 **SUBCHAPTER 11**

8 **ELDERLY RESIDENTS PROPERTY TAX DEFERMENT**

10 **§1131. Municipal property tax deferment program**

12 Each municipality that levies taxes on real property
14 pursuant to this chapter shall implement a program that provides
for deferred payment of property taxes, referred to in this
subchapter as "the program."

16 1. Eligibility. A person may participate in the program if
18 the person:

20 A. Is a resident of the taxing municipality;

22 B. Pays property taxes to that municipality;

24 C. Is at least 65 years of age; and

26 D. Has an annual income less than or equal to 300% of the
nonfarm income official poverty line, as defined by the
federal Office of Management and Budget and revised annually
with the United States Omnibus Budget Reconciliation Act of
1981, Section 673.

30 2. Deferment of property taxes. A person who is eligible
32 to participate in the program may elect to pay property taxes at
34 a level equal to those property taxes assessed on that person's
residence at the time the person attained 65 years of age. The
36 assessment must remain at that level until the home is sold or
transferred or the person chooses to stop participating in the
program.

38 3. Repayment of property taxes. When the residence of a
40 person participating in the program is sold or transferred or the
42 person chooses to discontinue participating in the program, the
total taxes deferred under subsection must be repaid within 30
44 days of the sale, transfer or withdrawal from the program. The
person selling or transferring the property or withdrawing from
46 the program shall notify the assessor for the taxing municipality
at least 30 days prior to the sale, transfer or withdrawal. The
assessor shall prepare a statement for the person showing:

48 A. The total amount of property taxes deferred for that
50 person on that residence due to participation in the program;

B. The actual amount of property taxes assessed and the amount actually paid each year during participation in the program; and

C. The current assessment.

4. Additional assessment; escrow account. As part of the program, the municipality may, by a majority vote of its voters and in the same manner by which taxes are set pursuant to section 505, impose an additional assessment on the residential property in that municipality. If the additional assessment is approved, the revenue from the additional assessment must be deposited in a dedicated escrow account maintained by that municipality and used solely for the purpose of offsetting the temporary loss of revenue incurred because of participation in the program.

SUMMARY

This bill requires a municipality to establish a municipal property tax deferment program. The program would allow a resident who is at least 65 years of age and whose annual income is not more than 300% of the poverty level to pay property taxes on that person's residential property at the rate that was in effect on that person's 65th birthday. The assessment remains at that level until the residence is sold or transferred or the person elects to stop participating in the program. At that time, all property taxes assessed on the property but deferred because of participation in the program must be paid to the municipality.

In order to offset the temporary loss of revenue caused by persons participating in the program, the municipality may, upon approval of its voters, impose an additional assessment upon residential property. The revenue from the additional assessment must be kept in a dedicated escrow account and used solely for the purpose of offsetting the loss of revenue.