

# MAINE STATE LEGISLATURE

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# 121st MAINE LEGISLATURE

## SECOND REGULAR SESSION-2004

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Legislative Document

No. 1824

H.P. 1347

House of Representatives, January 7, 2004

### **An Act To Provide Property Tax Relief to Maine Homeowners**

(EMERGENCY)

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Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Speaker COLWELL of Gardiner.

Under suspension of the rules, cosponsored by President DAGGETT of Kennebec and Representatives: ADAMS of Portland, BARSTOW of Gorham, BENNETT of Caribou, BLANCHETTE of Bangor, BLISS of South Portland, BREault of Buxton, BRUNO of Raymond, BULL of Freeport, BUNKER of Kossuth Township, CANAVAN of Waterville, CLARK of Millinocket, COWGER of Hallowell, CRAVEN of Lewiston, CUMMINGS of Portland, DUDLEY of Portland, DUPLESSIE of Westbrook, DUPREY of Medway, EARLE of Damariscotta, FAIRCLOTH of Bangor, FINCH of Fairfield, FISCHER of Presque Isle, GAGNE-FRIEL of Buckfield, GERZOFKY of Brunswick, GOODWIN of Pembroke,

GROSE of Woolwich, HATCH of Skowhegan, HUTTON of Bowdoinham, JACKSON of Fort Kent, KANE of Saco, KETTERER of Madison, KOFFMAN of Bar Harbor, LANDRY of Sanford, LEMOINE of Old Orchard Beach, LERMAN of Augusta, LESSARD of Topsham, LUNDEEN of Mars Hill, MAILHOT of Lewiston, MAKAS of Lewiston, McGLOCKLIN of Embden, McKEE of Wayne, McLAUGHLIN of Cape Elizabeth, MILLS of Farmington, MOODY of Manchester, NORBERT of Portland, NORTON of Bangor, O'NEIL of Saco, PARADIS of Frenchville, PATRICK of Rumford, PELLON of Machias, PERCY of Phippsburg, PERRY of Calais, PERRY of Bangor, PINGREE of North Haven, PIOTTI of Unity, RICHARDSON of Brunswick, SAVIELLO of Wilton, SIMPSON of Auburn, SMITH of Monmouth, SMITH of Van Buren, SULLIVAN of Biddeford, SUSLOVIC of Portland, THOMAS of Orono, THOMPSON of China, USHER of Westbrook, WALCOTT of Lewiston, WATSON of Bath, WHEELER of Kittery, Senators: BRYANT of Oxford, DOUGLASS of Androscoggin, EDMONDS of Cumberland, GAGNON of Kennebec, HALL of Lincoln, HATCH of Somerset, LaFOUNTAIN of York, MARTIN of Aroostook, MAYO of Sagadahoc, ROTUNDO of Androscoggin, STANLEY of Penobscot, TREAT of Kennebec.

2           **Emergency preamble. Whereas,** Acts of the Legislature do not  
become effective until 90 days after adjournment unless enacted  
as emergencies; and

4           **Whereas,** property taxes are continuing to increase each  
6 year; and

8           **Whereas,** this increase of property taxes is causing some  
Maine residents to leave their homes, some of which have been in  
10 the families of the residents for generations; and

12           **Whereas,** it is imperative that this high property tax  
crisis be alleviated as soon as possible to prevent further  
14 hardship to the citizens of Maine; and

16           **Whereas,** in the judgment of the Legislature, these facts  
create an emergency within the meaning of the Constitution of  
18 Maine and require the following legislation as immediately  
necessary for the preservation of the public peace, health and  
20 safety; now, therefore,

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

24           **Sec. 1. 20-A MRSA §1310, sub-§6,** as repealed and replaced by  
PL 2003, c. 212, §1, is amended to read:

26           **6. Enforcement.** If a municipal treasurer fails to pay the  
28 installment due, or any part, on the dates required, to initiate  
collection procedures, the treasurer of the school administrative  
30 district may notify the municipal treasurer of the failure to  
pay. Interest accrues on each unpaid installment at the rate  
32 established under Title 36, section 186 beginning on the 60th day  
after the date the installment is due under subsection 4. If  
34 payment of an installment is not made within 60 days after the  
due date, the treasurer of the district may initiate an action in  
36 Superior Court to compel payment of the delinquent installment.  
The court shall determine the amount owed by the municipality to  
38 the district and shall order the municipal treasurer to pay all  
delinquent installments, accrued interest and any court costs and  
40 reasonable attorney's fees incurred by the district. To ensure  
prompt payment of the delinquent installments, the court may  
42 require that amounts due to the municipality from the State under  
Title 30-A, section 5681 and Title 36, ~~sections~~ section 578 and  
44 685 be paid to the district until the amount determined by the  
court is satisfied. The court shall promptly notify the  
46 disbursing state agency of the determination and direct the  
agency to make the required change in payee and the amounts to be  
48 paid. If additional funds are needed to satisfy the amount  
determined by the court to be paid to the district, the court may  
50 order the attachment or trustee process and sale of real or

2 personal property owned by the municipality or the attachment of  
the municipality's bank accounts or require property tax payments  
4 to the municipality to be turned over to the court and may pay  
the amount owed the district from the proceeds and return any  
6 excess to the municipality.

8 **Sec. 2. 20-A MRSA §1703, sub-§6**, as repealed and replaced by  
PL 2003, c. 212, §2, is amended to read:

10 **6. Enforcement.** If a municipal treasurer fails to pay the  
installment due, or any part, on the dates required, to initiate  
12 collection procedures, the treasurer of the community school  
district may notify the municipal treasurer of the failure to  
14 pay. Interest accrues on each unpaid installment at the rate  
established under Title 36, section 186 beginning on the 60th day  
16 after the date the installment is due under subsection 4. If  
payment of an installment is not made within 60 days after the  
18 due date, the treasurer of the district may initiate an action in  
Superior Court to compel payment of the delinquent installment.  
20 The court shall determine the amount owed by the municipality to  
the district and shall order the municipal treasurer to pay all  
22 delinquent installments, accrued interest and any court costs and  
reasonable attorney's fees incurred by the district. To ensure  
24 prompt payment of the delinquent installments, the court may  
require that amounts due to the municipality from the State under  
26 Title 30-A, section 5681 and Title 36, ~~sections~~ section 578 and  
685 be paid to the district until the amount determined by the  
28 court is satisfied. The court shall promptly notify the  
disbursing state agency of the determination and direct the  
30 agency to make the required change in payee and the amounts to be  
paid. If additional funds are needed to satisfy the amount  
32 determined by the court to be paid to the district, the court may  
order the attachment or trustee process and sale of real or  
34 personal property owned by the municipality or the attachment of  
the municipality's bank accounts or require property tax payments  
36 to the municipality to be turned over to the court and may pay  
the amount owed the district from the proceeds and return any  
38 excess to the municipality.

40 **Sec. 3. 32 MRSA §1101, sub-§4-A, ¶C**, as amended by PL 1995, c.  
325, §5, is further amended to read:

42 C. Households as defined in Title 36, ~~sections--6206--and~~  
44 ~~6207~~ section 6222, subsections 3 and 7.

46 **Sec. 4. 36 MRSA §191, sub-§2, ¶S**, as corrected by RR 1995, c.  
2, §89 and amended by PL 1997, c. 526, §14, is further amended to  
48 read:

2 S. The disclosure to an authorized representative of the  
Department of Human Services of the names and social  
4 security numbers of applicants for the Maine Residents  
Homestead Property Tax Relief Program for the purpose of  
6 identifying those who are not eligible for that program  
pursuant to section 6207 6230, subsection 3 2. The  
8 Department of Human Services may not disclose names or  
social security numbers to any person, agency or  
10 organization, other than the Bureau of Revenue Services, nor  
may those names and social security numbers be used for any  
12 purpose other than the purpose stated in this paragraph;

14 **Sec. 5. 36 MRSA c. 105, sub-c. 4-B**, as amended, is repealed.

16 **Sec. 6. 36 MRSA c. 907**, as amended is repealed.

18 **Sec. 7. 36 MRSA c. 907-A** is enacted to read:

20 **CHAPTER 907-A**

22 **MAINE HOMESTEAD PROPERTY TAX RELIEF PROGRAM**

24 **§6221. Establishment; short title**

26 The Maine Homestead Property Tax Relief Program, referred to  
in this chapter as "the program" is established. This chapter is  
28 known and may be cited as "the Maine Homestead Property Tax  
Relief Program."

30 **§6222. Definitions**

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

36 1. **Benefit base.** "Benefit base" means property taxes  
accrued or rent constituting property taxes accrued. In the case  
38 of a claimant paying both rent and property taxes for a  
homestead, "benefit base" means both property taxes accrued and  
rent constituting property taxes accrued.

40 2. **Claimant.** "Claimant" means:

42 A. An individual who has filed a claim under this chapter  
44 and was domiciled in this State and occupied a homestead in  
this State during the entire calendar year preceding the  
46 year in which a claim for relief under this chapter is filed;

48 B. In the case of a married couple, the 2 individuals  
50 collectively; or

2 C. An individual who has filed a claim under this chapter  
4 and who was domiciled in this State and owned or otherwise  
6 maintained a homestead in this State during the entire  
calendar year preceding the year in which the claim for  
relief under this chapter is filed and occupied that  
homestead for at least 6 months during that year.

8 Regardless of how many names of individuals appear on the  
10 property deed, the person who meets the qualifications described  
12 in this subsection and proves sole responsibility for the payment  
14 of the property taxes on the subject property is the claimant  
16 with respect to that property. If 2 or more individuals meet the  
18 qualifications in this subsection and share the payment of the  
rent or the responsibility for the payment of the property taxes,  
each individual may apply on the basis of the rent paid or the  
property taxes levied on the homestead that reflect the ownership  
percentage of the claimant and the claimant's household.

20 If 2 or more individuals claim the same property, the matter must  
22 be referred to the State Tax Assessor, whose decision is final.  
24 Ownership of a homestead under this chapter may be by fee, by  
life tenancy, by bond for deed, as mortgagee or by any other  
possessory interest in which the owner is personally responsible  
for the tax for which a refund is claimed.

26 3. Elderly household. "Elderly household" means a  
28 household in which:

30 A. At least one member of the household has attained 62  
years of age during the year for which relief is requested;

32 B. The claimant is currently not married and has attained  
34 55 years of age during the year for which relief is  
36 requested and is, due to disability, receiving federal  
disability payments, such as supplemental security income; or

38 C. The claimant is currently married and has attained 55  
40 years of age during the year for which relief is requested  
42 and both the claimant and the claimant's spouse are, due to  
disability, receiving federal disability payments, such as  
supplemental security income.

44 4. Equalized property tax rate. "Equalized property tax  
46 rate" means the municipal property tax rate for the property tax  
48 year beginning April 1st of the prior calendar year, multiplied  
by the overall assessment ratio for developed residential  
property as determined by the State Tax Assessor and included in  
the most recently certified state valuation.

2           **5. Gross rent.** "Gross rent" means rental paid at arm's  
3 length solely for the right of occupancy of a homestead,  
4 exclusive of charges for any utilities, services, furniture,  
5 furnishings or appliances furnished by the landlord as part of  
6 the rental agreement, whether or not expressly set out in the  
7 rental agreement. If the landlord and tenant have not dealt with  
8 each other at arm's length, and the State Tax Assessor is  
9 satisfied that the gross rent charged was excessive, the State  
10 Tax Assessor may adjust the gross rent to a reasonable amount for  
11 purposes of this chapter.

12           **6. Homestead.** "Homestead" means any residential property  
13 in this State assessed as real property owned or rented by a  
14 claimant or held in a revocable living trust for the benefit of  
15 the claimant and occupied by the claimant and the claimant's  
16 dependents as the claimant's permanent residence. A homestead  
17 may consist of a part of a multidwelling or multipurpose building  
18 and a part of the land, up to 10 acres, upon which it is built.  
19 If the homestead is located in a multiunit building, the  
20 homestead is the portion of the building actually used as the  
21 principal dwelling and its percentage of the value of the common  
22 elements and of the value of the tax lot upon which it is built.  
23 The percentage is the value of the unit consisting of the  
24 homestead compared to the total value of the building exclusive  
25 of the common elements, if any. For purposes of this subsection,  
26 "owned" includes a vendee in possession under a land contract and  
27 of one or more joint tenants or tenants in common. "Homestead"  
28 does not include any real property used solely for commercial  
29 purposes.

30           **7. Household.** "Household" means a claimant and spouse and  
31 members of the household for whom the claimant under this chapter  
32 is entitled to claim an exemption as a dependent under Part 8 for  
33 the year for which relief is requested.

34           **8. Household income.** "Household income" means all income  
35 received by all persons of a household in a calendar year while  
36 members of the household.

37           **9. Household income eligibility adjustment factor.**  
38 "Household income eligibility adjustment factor" means one plus  
39 the annualized cost-of-living adjustments for Social Security  
40 retirement benefits during the year for which relief is requested.

41           **10. Income.** "Income" means the sum of Maine adjusted gross  
42 income determined in accordance with Part 8, the amount of  
43 capital gains excluded from adjusted gross income, the absolute  
44 value of the amount of trade or business loss, net operating loss  
45 carry-over, capital loss, rental loss, farm loss, partnership or  
46 S Corporation loss included in adjusted gross income, alimony,  
47 and interest on qualified mortgage debt.



2 inheritance, life insurance proceeds paid on death of insured,  
4 nontaxable lawsuit rewards, such as slander, libel and pain and  
6 suffering, excluding reimbursements such as medical and legal  
8 expenses associated with the case, support money, nontaxable  
10 strike benefits, the gross amount of any pension or annuity,  
12 including railroad retirement benefits, all payments received  
14 under the federal Social Security Act, state unemployment  
16 insurance laws, veterans' disability pensions, nontaxable  
18 interest received from the Federal Government or any of its  
20 instrumentalities, interest or dividends on obligations or  
22 securities of this State and its political subdivisions and  
24 authorities, workers' compensation and the gross amount of "loss  
of time" insurance, cash public assistance and relief, but not  
including relief granted under this chapter. "Income" does not  
include the first \$5,000 in the proceeds from a life insurance  
policy, whether paid in a lump sum or in the form of an annuity.  
"Income" does not include a rollover from an individual  
retirement account, pension or annuity fund or plan to an  
individual retirement account, pension or annuity fund or plan  
even if the amount of the rollover is includable in Maine  
adjusted gross income. "Income" also does not include gifts from  
nongovernmental sources or surplus foods or other relief in kind  
supplied by a governmental agency.

26 **11. Municipality.** "Municipality" means any incorporated  
28 town, city or plantation in this State. For purposes of this  
chapter, "municipality" includes the unorganized territory.

30 **12. Permanent residence.** "Permanent residence" means that  
32 place where an individual has a true, fixed and permanent home  
34 and principal establishment to which the individual, whenever  
36 absent, has the intention of returning. An individual may have  
only one permanent residence at a time and, once a permanent  
residence is established, that residency is presumed to continue  
until circumstances indicate otherwise.

38 **13. Permanent resident.** "Permanent resident" means an  
individual who has established a permanent residence.

40 **14. Property taxes accrued.** "Property taxes accrued" means  
42 property taxes exclusive of special assessment, delinquent  
44 interest and charges for service levied on a claimant's homestead  
46 in this State as of April 1, 2004, or any tax year thereafter. If  
48 a homestead is owned by 2 or more persons or entities as joint  
50 tenants or tenants in common, and one or more persons or entities  
are not members of the claimant's household, "property taxes  
accrued" is that part of property taxes levied on the homestead  
that reflects the ownership percentage of the claimant and the  
claimant's household. If a claimant and spouse own their  
homestead for part of the year for which relief is requested and

2 rent it or a different homestead for part of the same tax year,  
4 "property taxes accrued" means taxes levied on the homestead on  
6 April 1st, multiplied by the percentage of 12 months that the  
8 property was owned and occupied by the household as its homestead  
10 during the year for which relief is requested. When a household  
12 owns and occupies 2 or more different homesteads in this State in  
14 the same tax year, "property taxes accrued" relates only to that  
property occupied by the household as a homestead on April 1st.  
If a homestead is an integral part of a larger unit such as a  
farm, or a multipurpose or multidwelling building, property taxes  
accrued are that percentage of the total property taxes accrued  
that the value of the homestead is of the total value, except  
that property taxes accrued do not include any portion of taxes  
claimed as a business expense for federal income tax purposes.

16 15. Prior calendar year. "Prior calendar year" means the  
18 calendar year prior to the calendar year during which an  
application for relief is filed pursuant to this chapter.

20 16. Property tax relief payment. "Property tax relief  
22 payment" means the property tax reimbursement payment provided to  
24 claimants pursuant to sections 6228, 6229 or 6230, which may not  
exceed the amount of property taxes actually owed by the claimant.

26 17. Rent constituting property taxes accrued for elderly  
28 household. "Rent constituting property taxes accrued for an  
30 elderly household" means 25% of the gross rent actually paid in  
32 cash or its equivalent in any tax year by a claimant and the  
claimant's household solely for the right of occupancy of their  
Maine homestead in the tax year and that constitutes the basis,  
in the succeeding calendar year, of a claim for relief under this  
chapter.

34 18. Rent constituting property taxes accrued for nonelderly  
36 household. "Rent constituting property taxes accrued for  
38 nonelderly household" means 20% of the gross rent actually paid  
40 in cash or its equivalent in any tax year by a claimant and the  
42 claimant's household solely for the right of occupancy of their  
Maine homestead in the tax year and that constitutes the basis,  
in the succeeding calendar year, of a claim for relief under this  
chapter.

44 19. Unit. "Unit" refers to the parcel of property  
separately assessed of which the homestead is a part.

46 20. Year for which relief is requested. "Year for which  
48 relief is requested" means the calendar year preceding that in  
which the claim is filed.

50 §6223. Permanent residency; factual determination by assessor

2           The assessor shall determine whether a claimant has a  
3 permanent residence in this State. In making a determination as  
4 to the intent of an individual to establish a permanent residence  
5 in this State, the assessor may consider:

6           1. Formal declarations. Formal declarations of the  
7 claimant or any other individual;

10           2. Informal statements. Informal statements of the  
11 claimant or any other individual;

12           3. Place of employment. The place of employment of the  
13 claimant;

14           4. Previous permanent residence. The previous permanent  
15 residence of the claimant and the date the previous permanent  
16 residency was terminated;

17           5. Voter registration. The place where the claimant is  
18 registered to vote;

19           6. Driver's license. The place of issuance to the claimant  
20 of a driver's license and the address listed on the license;

21           7. Certificate of motor vehicle registration. The place of  
22 issuance of a certificate of registration of a motor vehicle  
23 owned by the claimant and the address listed on the certificate;

24           8. Income tax returns. The residence claimed on any income  
25 tax return filed by the claimant;

26           9. Motor vehicle excise tax. The place of payment of a  
27 motor vehicle excise tax by the claimant; and

28           10. Military residence. A declaration by the claimant of  
29 permanent residence registered with any branch of the Armed  
30 Forces of the United States.

31           §6224. Claim is personal

32           The right to file a claim under this chapter is personal to  
33 the claimant and does not survive the claimant's death, but the  
34 right may be exercised on behalf of a claimant by the claimant's  
35 legal guardian or attorney-in-fact. If a claimant dies after  
36 having filed a timely claim, the amount thereof must be disbursed  
37 to another member of the household as determined by the  
38 assessor. If the claimant was the only member of a household,  
39 the claim may be paid to the claimant's personal representative,

2 but if one is not appointed within 2 years of the filing of the  
3 claim, the amount of the claim escheats to the State.

4 **§6225. Claim to be paid from General Fund**

6 The amount of the claim after certification by the assessor  
7 pursuant to section 6234 must be paid to claimant from the  
8 General Fund. Interest is not allowed on any payment made to a  
9 claimant pursuant to this chapter.

10 **§6226. One claim per household**

12 Only one claimant per household or homestead per year is  
13 entitled to relief under this chapter.

14 **§6227. Application for property tax relief payment**

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

33 **2. Application form.** A claimant making a claim for the  
34 first time for a homestead in this State shall file the claim for  
35 a property tax relief payment by application to the assessor on a  
36 form prescribed by the assessor. Following the initial claim, a  
37 claim may be submitted either:

38 A. As part of the claimant's income tax return filed  
39 pursuant to Part 8 by providing all the information  
40 requested by the assessor; or

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

42 (1) The claimant is not required to file an income tax  
43 return; or

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 2004, the application must be submitted on a  
6           form as prescribed by the assessor.

7           3. Filing period. In calendar year 2004, applications must  
8           be filed by June 1, 2004. In subsequent years, applications for  
9           a new or first-time tax relief payment must be filed between  
10           January 1st and April 15th unless the filing period has been  
11           extended pursuant to subsection 4.

12           4. Extensions. In case of sickness, absence or disability  
13           or if, in the judgment of the assessor, good cause exists, the  
14           assessor may extend the time for filing a property tax relief  
15           payment application for a period not to exceed 120 days. An  
16           extension may not be granted in calendar year 2004.

17           **§6228. Property tax relief payment for homestead owners**

18           1. Generally. A claimant who has owned and occupied a  
19           homestead in this State during the entire prior calendar year is  
20           entitled to a direct payment from the State in an amount equal to  
21           the property taxes actually paid on the first \$14,000 of the just  
22           value of the claimant's homestead as valued and assessed by the  
23           municipality in which the property is located as determined by  
24           the assessor. The amount of the property tax relief payment is  
25           based on the municipality in which the claimant's homestead was  
26           located on April 1st of the prior calendar year.

27           2. Multiple claimants. Only one property tax relief  
28           payment per homestead is allowed. If title to a homestead is  
29           held by more than one individual as joint tenants, tenants by the  
30           entirety or tenants in common, the property tax relief payment  
31           must be jointly allowed to those eligible occupants as listed on  
32           the property tax bill on April 1st of the prior calendar year.  
33           If the homestead is owned and occupied by claimants who are  
34           husband and wife, the rebate is allowed to both individuals  
35           jointly.

36           3. Multiunit buildings. If the homestead of a claimant is  
37           located in a multiunit building, that claimant is allowed a  
38           property tax relief payment pursuant to this section only if  
39           property taxes are assessed and levied against the residential  
40           unit occupied by that claimant.

41           **§6229. Property tax relief for elderly households; income**  
42           **limitations**

2 A claimant representing an elderly household qualifies for  
3 benefits subject to income limitations pursuant to this section.

4 1. Single-member elderly households. For single-member  
5 elderly households, the benefit is calculated pursuant to this  
6 subsection.

8 A. If household income equals \$0 to \$10,800, the benefit  
9 equals 100% of the benefit base up to a maximum of \$400.

10 B. If household income equals \$10,801 to \$11,200, the  
11 benefit equals 75% of the benefit base up to a maximum of  
12 \$300.

14 C. If household income equals \$11,201 to \$11,600, the  
15 benefit equals 50% of the benefit base up to a maximum of  
16 \$200.

18 D. If household income equals \$11,601 to \$11,900, the  
19 benefit equals 25% of the benefit base up to a maximum of  
20 \$100.

22 2. Elderly households with 2 or more members. For elderly  
23 households with 2 or more members, the benefit is calculated  
24 pursuant to this subsection.

26 A. If household income equals \$0 to \$12,900, the benefit  
27 equals 100% of the benefit base up to a maximum of \$400.

30 B. If household income equals \$12,901 to \$13,700, the  
31 benefit equals 75% of the benefit base up to a maximum of  
32 \$300.

34 C. If household income equals \$13,701 to \$14,300, the  
35 benefit equals 50% of the benefit base up to a maximum of  
36 \$200.

38 D. If household income equals \$14,301 to \$14,800, the  
39 benefit equals 25% of the benefit base up to a maximum of  
40 \$100.

42 **§6230. Property tax relief for nonelderly households; income**  
43 **limitations**

44 A claimant representing a nonelderly household qualifies for  
45 benefits subject to income limitations pursuant to this section.

46 1. Benefit calculation. For claimants representing a  
47 nonelderly household, the benefit is 50% of that portion of the

2 benefit base that exceeds 4% but does not exceed 8% of income  
3 plus 100% of that portion of the benefit base that exceeds 8% of  
4 income to a maximum payment of \$1,250.

6 2. Income eligibility. A single-member household with a  
7 household income in excess of \$29,900 and a household with 2 or  
8 more members with a household income in excess of \$46,300 are not  
9 eligible for a benefit.

10 3. Subsidized housing; special needs payment. A claim may  
11 not be granted under this section to claimants whose housing  
12 costs for the year for which relief is requested were subsidized  
13 by government programs that limit housing costs to a percentage  
14 of household income, except that the exclusion provided by this  
15 subsection does not apply to persons receiving social security  
16 disability or supplemental security income disability benefits.

18 **§6231. Elderly option**

20 If a claimant representing an elderly household would  
21 qualify for a larger benefit under section 6230 than the claimant  
22 would receive under section 6229, then that claimant may choose  
23 to receive the benefit calculated under section 6230.

24 **§6232. Annual adjustment**

26 Beginning April 1, 2005, and annually thereafter, the  
27 assessor shall determine the household income eligibility  
28 adjustment factor. That factor must be multiplied by the income  
29 limitations in section 6229 applicable for the year prior to that  
30 for which relief is requested. The result must be rounded to the  
31 nearest \$100 and applies to the year for which relief is  
32 requested corresponding to the year on which the annualized  
33 cost-of-living adjustments were based. Beginning April 1, 2005,  
34 the same procedure must be employed to adjust the income  
35 limitation in section 6230, subsection 2.

38 **§6233. Eligibility for multiple benefits**

40 An eligible claimant may receive a property tax relief  
41 payment under section 6228 and either section 6229 or 6230, but  
42 not both, if eligible pursuant to each section, but only to the  
43 extent that the property tax relief payment does not exceed the  
44 property taxes actually owed.

46 **§6234. Payments**

48 1. Generally. Annually, after approving the property tax  
49 relief payment applications, the assessor shall prepare and  
50 certify lists of persons entitled to a property tax relief

2 payment pursuant to sections 6228, 6229 or 6230, respectively,  
3 together with the respective amounts due each claimant, and shall  
4 forward these lists, on or before August 31st, to the State  
5 Controller. The Treasurer of State, upon direction of the State  
6 Controller, shall pay and distribute the amount of the property  
7 tax relief payment as approved by the assessor no later than  
8 September 30th of the same year. A claim of less than \$10 may  
9 not be granted. A claimant who is eligible for more than one  
10 benefit under this chapter must be paid annually with one check.  
11 A claimant is entitled to a property tax relief payment under  
12 this chapter only if the claimant is not in arrears for property  
13 taxes owed on the homestead for which the claim is filed. Upon  
14 each check mailed to an applicant must appear the words:  
15 "Property tax relief provided by the Maine State Legislature."

16 2. Audits by assessor; setoff. If, upon audit of any claim  
17 filed under this chapter, the assessor determines that a claim  
18 for a property tax relief payment has been incorrectly  
19 determined, the assessor shall redetermine the claim and notify  
20 the claimant in writing of such redetermination and the reasons  
21 for the redetermination. The redetermination is final unless  
22 appealed by the claimant pursuant to section 6236. The assessor  
23 may set off against the relief payment any other liabilities owed  
24 by the claimant pursuant to section 185.

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

#### 32 §6235. Denial of claim

34 1. Fraudulent claim. If it is determined that a claim is  
35 excessive and was filed with fraudulent intent, or the assessor  
36 finds that the claimant received title to the homestead primarily  
37 for the purpose of receiving benefits under this chapter, the  
38 claim must be disallowed in full. If the claim has been paid,  
39 the amount paid must be recovered by assessment. The assessment  
40 must bear interest from the date of payment or credit of the  
41 claim, until refunded or paid, at the rate of 1% per month. The  
42 claimant in such case and any person who, with fraudulent intent,  
43 assisted in the preparation or filing of the excessive claim or  
44 supplied information upon which the excessive claim was prepared  
45 commit a Class E crime.

46 2. Negligent claim. If it is determined that a claim is  
47 excessive and was negligently prepared, 10% of the corrected  
48 claim must be disallowed. If the claim has been paid, the amount  
49 above the corrected claim amount and 10% of the corrected claim  
50 amount must be paid to the claimant.



2 amount must be recovered by assessment. The assessment must bear  
3 interest at 1% per month from the date of payment until refunded.

4 Any claimant or spouse with an unpaid liability arising from  
5 this section is disqualified from benefits under this chapter.

6 **§6236. Appeals**

7  
8  
9 A claimant who is aggrieved by the disapproval of a claim or  
10 by the redetermination of a relief payment amount by the assessor  
11 may, within 30 days after notification of the decision indicating  
12 the reason for the disapproval or the redetermination, appeal  
13 that decision pursuant to section 151 and the Maine  
14 Administrative Procedure Act. The appeal provided by this  
15 section is the exclusive remedy available to a claimant for  
16 review of a decision of the assessor with respect to the denial  
17 or redetermination of the amount of a property tax relief payment.

18 **§6237. Administration; application form**

19  
20 1. Program responsibility. The assessor shall administer  
21 the program pursuant to this chapter.

22  
23 2. Readability. The application form, instructions and  
24 subsequent claim forms, including the claim form that is part of  
25 the income tax return filed pursuant to Part 8, used by  
26 applicants for assistance under this chapter must have a  
27 readability score, as determined by a recognized instrument for  
28 measuring adult literacy levels, equivalent to no higher than a  
29 6th-grade reading level and must be able to be easily completed  
30 by a person with a 6th-grade education.

31  
32 3. Outreach plan. The assessor shall develop and implement  
33 a plan of outreach to ensure that all eligible households are  
34 made aware of assistance available under this chapter.

35  
36 4. Coordination required. The assessor shall seek the  
37 advice and cooperation of the Department of Human Services,  
38 Bureau of Elder and Adult Services, Bureau of Family Independence  
39 and the Bureau of Child and Family Services; advocates for  
40 elderly and low-income individuals; and other interested agencies  
41 and organizations in developing the application form and  
42 instruction booklet for property tax relief under this chapter  
43 and the outreach plan required pursuant to subsection 3.

44  
45 5. Rulemaking. The assessor shall adopt rules to implement  
46 this chapter. Rules adopted pursuant to this chapter are routine  
47 technical rules pursuant to Title 5, chapter 375, subchapter 2-A.

48  
49 **§6238. Protection from loss of benefits**

2       It is the intent of the Legislature that any claim paid  
4       under this chapter supplements any benefits paid under aid to the  
6       aged, blind and disabled. The Department of Human Services shall  
8       take any such action as may be necessary to ensure that  
10       recipients of aid to the aged, blind and disabled continue to  
12       receive as high a percentage of their current assistance as may  
14       be possible. To carry out this legislative directive, the  
16       Department of Human Services shall utilize all the state funds  
18       expected to be saved by a reduction in benefits of recipients of  
20       aid to the aged, blind and disabled resulting from this chapter  
22       to raise the standards of aid to the aged, blind and disabled at  
24       a total cost in state funds equivalent to the savings.

16       Property tax relief payments received under this chapter may  
18       not be included as income for purposes of any state or  
20       municipally administered public benefit program but may be  
22       considered for purposes of determining eligibility for abatement  
24       under section 841, subsection 2. These property tax relief  
26       payments do not duplicate and may not reduce the amount of any  
28       individual's benefits under the Additional Support for People in  
30       Retraining and Employment - Temporary Assistance for Needy  
32       Families program established in Title 22, section 3781-A.

26       **§6239. Local option property tax relief**

28       A municipality, by local option referendum, may create a  
30       program that provides property tax relief to Maine resident  
32       property owners who have resided in their homes for 20 years or  
34       longer and whose income level places their ability to stay in  
36       their homes in jeopardy. The municipality may freeze the  
38       property tax rate for eligible households or increase the tax  
40       liability by the rate of inflation for eligible households. Upon  
42       the sale or transfer of the property, the municipality may recoup  
44       the difference in the amount actually paid by the property owner  
46       and the amount the property owner would have had to pay but for  
48       participation in the program.

40       **Sec. 8. 36 MRSA §6251, sub-§1, ¶B.** as repealed and replaced by  
42       PL 1993, c. 395, §31, is amended to read:

42       B. The individual or, in the case of 2 or more individuals  
44       filing a claim jointly, all the individuals together have  
46       household income, as defined in section 6201 6222,  
48       subsection 7 8, of less than \$32,000 for the calendar year  
50       immediately preceding the calendar year in which the claim  
is filed.

50       **Sec. 9. 36 MRSA §6253, sub-§1, ¶B,** as enacted by PL 1989, c.  
534, Pt. C, §1, is amended to read:

2 B. Recite facts establishing the eligibility for the  
3 deferral under the provisions of this chapter, including  
4 facts that establish that the household income as defined in  
5 section ~~6201~~ 6222, subsection 7 8, of the individual, or, in  
6 the case of 2 or more individuals claiming the deferral  
7 jointly, was less than \$32,000 for the calendar year  
8 immediately preceding the calendar year in which the claim  
is filed; and

10 **Sec. 10. Application.** Those sections of this Act that repeal  
11 the Maine Revised Statutes, Title 36, chapter 105, subchapter 4-B  
12 and Title 36, chapter 907 and that enact Title 36, chapter 907-A  
13 apply to property taxes based on the status of property on or  
14 after April 1, 2004.

15 **Emergency clause.** In view of the emergency cited in the  
16 preamble, this Act takes effect when approved.  
17

18  
19 **SUMMARY**

20  
21 **22** This bill creates the Maine Homestead Property Tax Relief  
22 Program by incorporating the current Maine Residents Property Tax  
23 Program, commonly referred to as the "circuit breaker" program,  
24 and the homestead property tax exemption program. The new  
25 program applies to tax years beginning April 1, 2004. Taxpayers  
26 will receive property tax relief payments beginning September 30,  
27 2004.  
28

29 Under the new program:

30  
31 1. Payments are provided directly to Maine resident  
32 property taxpayers;  
33

34  
35 2. All Maine resident property owners, regardless of income  
36 level, receive a homestead property tax relief payment equivalent  
37 to a \$14,000 property tax exemption based on local valuation and  
38 the local mil rate as long as the owner does not owe any back  
39 taxes on the claimed property;  
40

41 3. The maximum benefit payment for low-income nonelderly  
42 households is increased to \$1,250 from the current \$1,000;  
43

44 4. The percentage of rent considered payment for property  
45 taxes is increased to 20% from the current 18% for nonelderly  
46 households; for elderly households, rent constituting payment for  
47 property taxes is set at 25%;  
48

2 5. Low-income or elderly households may obtain both the  
homeowners benefit and the low-income or elderly benefit if those  
4 households qualify for both benefits; however, the total maximum  
benefit can not exceed the total amount of property taxes owed.  
6 The property tax exemption of \$5,000 for veterans pursuant to the  
Maine Revised Statutes, Title 36, section 653 remains intact, and  
8 is in addition to the benefits under the Maine Homestead Property  
Tax Relief Program;

10 6. The application deadlines and tax relief payment  
deadlines are the same for all benefits under the new program:  
12 all applications must be submitted by April 15th and all payments  
must be made by the State Treasurer no later than September 30th  
14 of each year; and

16 7. The initial application for benefits under the program  
is on a form to be determined by the State Tax Assessor;  
18 subsequent claims for the same property by the same claimant may  
be done through the claimant's Maine income tax return. If the  
20 claimant does not file an income tax return or requests an  
extension, then the claim must be done through a separate  
22 application. The application and instructions for a property tax  
relief payment must be capable of being easily completed by a  
24 person with a 6th-grade education.

26 The bill also authorizes a municipality to develop a local  
program in which the property taxes are frozen or increased only  
28 by the rate of inflation. Eligibility for the program would be  
limited to taxpayers who have occupied their homes for at least  
30 20 years and who are in danger of losing the property due to  
inability to pay the property taxes. The municipality would  
32 recoup the lost revenue when the homes are sold or transferred.  
The program requires approval at a local option referendum.