

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document

No. 1134

H.P. 777

House of Representatives, March 8, 2005

An Act Providing Senior Citizens with an Optional Deferred Payment Plan for the Payment of Property Taxes

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative HARLOW of Portland.
Cosponsored by Senator ANDREWS of York and
Representatives: BARSTOW of Gorham, BLANCHARD of Old Town, BRAUTIGAM of
Falmouth, CANAVAN of Waterville, DRISCOLL of Westbrook, FAIRCLOTH of Bangor,
MOULTON of York, PILON of Saco.

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 may 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
28 nonfarm income official poverty line, as defined by the
federal Office of Management and Budget and revised annually
in accordance 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
a level equal to those property taxes assessed on that person's
34 residence at the time the person attained 65 years of age. The
assessment must remain at that level until the home is sold or
36 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
person chooses to discontinue participating in the program, the
42 total taxes deferred under subsection 2 must be paid within 30
days of the sale or transfer of the property or withdrawal from
44 the program by the person selling or transferring the property or
withdrawing from the program. The person selling or transferring
46 the property or withdrawing from the program shall notify the
assessor for the taxing municipality at least 30 days prior to
48 the sale, transfer or withdrawal. The assessor shall prepare a
statement for the person showing:

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

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

8 C. The current assessment; and

10 D. The amount of the additional assessment, if any, imposed
11 for administrative costs.

12 **4. Additional assessment; escrow account.** As part of the
13 program, the municipality may, by a majority vote of its voters
14 and in the same manner by which taxes are set pursuant to section
15 505, impose an additional assessment on the residential property
16 in that municipality. The additional assessment may not exceed
17 2% of the total taxes deferred under this section. If the
18 additional assessment is approved, the revenue from the
19 additional assessment must be deposited in a dedicated escrow
20 account maintained by that municipality and used solely to offset
21 the costs of administering the program.

24 SUMMARY

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

38 In order to offset the temporary loss of revenue caused by
39 persons participating in the program, the municipality may, upon
40 approval of its voters, impose an additional assessment of up to
41 2% of the taxes deferred upon residential property. The revenue
42 from the additional assessment must be kept in a dedicated escrow
43 account and used solely for the administrative costs of the
44 program.