

# MAINE STATE LEGISLATURE

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# 123rd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2007

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Legislative Document

No. 527

H.P. 405

House of Representatives, February 5, 2007

### An Act To Expand Property Tax Benefits for Retired Citizens

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative RICHARDSON of Warren.

Cosponsored by Representatives: KNIGHT of Livermore Falls, WEDDELL of Frankfort and  
Representatives: LANSLEY of Sabattus, THOMAS of Ripley.

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

2 **Sec. 1. 36 MRSA §683, sub-§1**, as repealed and replaced by PL 2005, c. 2, Pt. F,  
3 §1 and as affected by §5, is amended to read:

4 **1. Exemption amount.** Except for assessments for special benefits, and except as  
5 provided in subsection 1-B, the just value of \$13,000 of the homestead of a permanent  
6 resident of this State who has owned a homestead in this State for the preceding 12  
7 months is exempt from taxation. In determining the local assessed value of the  
8 exemption, the assessor shall multiply the amount of the exemption by the ratio of current  
9 just value upon which the assessment is based as furnished in the assessor's annual return  
10 pursuant to section 383. If the title to the homestead is held by the applicant jointly or in  
11 common with others, the exemption may not exceed \$13,000 of the just value of the  
12 homestead; but may be apportioned among the owners who reside on the property to the  
13 extent of their respective interests. A municipality responsible for administering the  
14 homestead exemption has no obligation to create separate accounts for each partial  
15 interest in a homestead owned jointly or in common.

16 **Sec. 2. 36 MRSA §683, sub-§1-B** is enacted to read:

17 **1-B. Exemption amount for retired seniors.** Except for assessments for special  
18 benefits, 50% of the just value of the homestead of a retired senior who has owned a  
19 homestead in this State for the preceding 12 months is exempt from taxation. In  
20 determining the local assessed value of the exemption, the assessor shall multiply the  
21 amount of the exemption by the ratio of current just value upon which the assessment is  
22 based as furnished in the assessor's annual return pursuant to section 383. If the title to  
23 the homestead is held by the retired senior jointly or in common with others, the  
24 exemption may not exceed 50% of the just value of the homestead but may be  
25 apportioned among the owners who reside on the property to the extent of their respective  
26 interests. A municipality responsible for administering the homestead exemption has no  
27 obligation to create separate accounts for each partial interest in a homestead owned  
28 jointly or in common. An exemption granted pursuant to this subsection may not be  
29 combined with the exemption granted in subsection 1. A homestead that is used for  
30 commercial purposes is not eligible under this subsection.

31 As used in this subsection, "retired senior" means a person who:

- 32 A. Is a permanent resident of this State and has had that status for the previous 5  
33 years;  
34 B. Is at least 65 years of age;  
35 C. Is employed fewer than 20 hours per week; and  
36 D. Has a Maine adjusted gross income, as defined in section 5102, subsection 1-C,  
37 paragraph A, of less than \$50,000.

38 A retired senior seeking the exemption under this subsection must apply annually for the  
39 exemption. Notwithstanding section 684, a retired senior may apply for the exemption  
40 using the retired senior's Maine individual income tax form.

1       **Sec. 3. 36 MRSA §684, sub-§1**, as enacted by PL 1997, c. 643, Pt. HHH, §3 and  
2 as affected by §10, is amended to read:

3       **1. Generally.** The bureau shall furnish to the assessor of each municipality a  
4 sufficient number of printed forms to be filed by applicants for an exemption under this  
5 subchapter and shall determine the content of the forms. A municipality shall provide to  
6 its inhabitants reasonable notice of the availability of application forms. An individual  
7 claiming an exemption under this subchapter for the first time shall file the application  
8 form with the assessor or the assessor's representative. For an exemption from taxes  
9 based on the status of property on April 1, 1998, the application must be filed by May 15,  
10 1998. For taxes based on the status of property after April 1, 1998, the application must  
11 be filed by April 1st of the year on which the taxes are based. A person applying for the  
12 exemption under section 683, subsection 1-B who chooses to use the application instead  
13 of the individual income tax return shall include the person's date of birth and affix a  
14 signed copy of that person's Maine individual tax form or other attested verification of  
15 income, as approved by the bureau.

16       **Sec. 4. 36 MRSA §685, sub-§2**, as amended by PL 2005, c. 2, Pt. F, §4 and as  
17 affected by §5, is further amended to read:

18       **2. Entitlement to reimbursement by the State; calculation.** A municipality that  
19 has approved homestead exemptions under this subchapter may recover from the State  
20 50% of the taxes lost by reason of the exemptions under section 683, subsection 1 and  
21 100% of the taxes lost by reason of the exemptions under section 683, subsection 1-B  
22 upon proof in a form satisfactory to the bureau. The bureau shall reimburse the  
23 Unorganized Territory Education and Services Fund for 50% of the taxes lost by reason  
24 of the exemption exemptions under section 683, subsection 1 and 100% of the taxes lost  
25 by reason of the exemptions under section 683, subsection 1-A.

26       **Sec. 5. 36 MRSA §5219-BB**, is enacted to read:

27       **§5219-BB. Retired senior resident homestead exemption credit**

28       **1. Generally.** Except as provided in subsection 2, an individual who is eligible and  
29 applies for the exemption under section 683, subsection 1-B is allowed a refundable  
30 credit equal to the amount of the exemption granted under section 683, subsection 1-B  
31 against the tax otherwise imposed on that individual by this Part. The credit may not  
32 exceed the amount of Maine income tax owed.

33       **2. Choice of filing for same property tax year.** A person may not claim for the  
34 same property tax year a credit under this section and an exemption on a form provided  
35 by the bureau pursuant to section 684.

36       **3. Returns not required.** Notwithstanding section 5220 or any other provision of  
37 law, an individual who is eligible for this credit is not required to file a Maine income tax  
38 return.

39       **Sec. 6. Application.** This Act applies to property tax years beginning on or after  
40 April 1, 2007.

1 **SUMMARY**

2 This bill creates the retired senior resident homestead property tax exemption to  
3 provide a property tax exemption for retired persons of 50% of the just value of that  
4 person's homestead. A person is eligible if that person:

5 1. Is a permanent resident of this State and has had that status for the previous 5  
6 years;

7 2. Is at least 65 years of age;

8 3. Is employed fewer than 20 hours per week; and

9 4. Has a Maine adjusted gross income of less than \$50,000.

10 The State is required to reimburse the municipality 100% of the taxes lost due to the  
11 exemption.

12 A person must apply for the exemption annually, either by applying to the  
13 municipality and providing a copy of the person's income tax form or other suitable  
14 verification of income or by using the individual income tax form to obtain a refundable  
15 credit.