

# MAINE STATE LEGISLATURE

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# 123rd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2007

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Legislative Document

No. 1433

H.P. 1007

House of Representatives, March 15, 2007

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

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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 Representative WEAVER of York, Senator SNOWE-MELLO of  
Androscoggin and Representatives: BEAULIEU of Auburn, COTTA of China, GIFFORD of  
Lincoln, HAYES of Buckfield, JOY of Crystal, MILLETT of Waterford, MIRAMANT of  
Camden, SCHATZ of Blue Hill.

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

2 **Sec. 1. 36 MRSA c. 901-A** is enacted to read:

3 **CHAPTER 901-A**

4 **ELDERLY RESIDENTS PROPERTY TAX DEFERMENT**

5 **§6131. Short title**

6 This chapter may be known and cited as "the Elderly Residents Property Tax  
7 Deferment Program."

8 **§6132. Municipal property tax deferment program**

9 Each municipality that levies taxes on real property pursuant to chapter 105 may  
10 implement a program that provides for deferred payment of property taxes, referred to in  
11 this chapter as "the program."

12 **1. Eligibility.** A person may participate in the program if the person:

13 A. Owns and occupies a homestead in the taxing municipality. As used in this  
14 paragraph, "homestead" has the same meaning as in section 681, subsection 2;

15 B. Pays property taxes to that municipality;

16 C. Is at least 65 years of age. If the property is owned by more than one person, the  
17 age eligibility requirement is met as long as the participant is at least 65 years of age;  
18 and

19 D. Has an annual income less than or equal to 300% of the nonfarm income official  
20 poverty line, as defined by the federal Office of Management and Budget and revised  
21 annually in accordance with the United States Omnibus Budget Reconciliation Act of  
22 1981, Section 673.

23 **2. Deferment of property taxes.** A person who is eligible to participate in the  
24 program may elect to pay property taxes at a level equal to those property taxes assessed  
25 on that person's residence at the time the person attained 65 years of age, the time of  
26 purchase of the residence or April 1, 2007, whichever occurs later. The assessment must  
27 remain at that level until the home is sold or transferred or the person chooses to stop  
28 participating in the program.

29 **3. Decrease in assessed value.** Notwithstanding subsection 2, the assessment of  
30 eligible property under this chapter may be decreased to reflect the diminution of the  
31 value due to revaluation, destruction or subtraction.

32 **4. Repayment of property taxes; interest.** When the owner of property enrolled in  
33 this program no longer meets the eligibility requirements in subsection 1 or the property  
34 is sold or transferred or withdrawn from the program, the total taxes deferred under  
35 subsection 2 must be paid not later than 30 days after the sale, transfer or withdrawal. If

1 the ineligibility is the result of the death of the owner, the deferred property taxes must be  
2 paid no later than 30 days following the sale or transfer of the property. The person  
3 selling or transferring the property or withdrawing the property from the program is  
4 responsible for payment of the deferred property taxes. The person selling or transferring  
5 the property or withdrawing the property from the program shall notify the municipal tax  
6 collector for the taxing municipality at least 30 days prior to the sale, transfer or  
7 withdrawal. A person who no longer meets the eligibility requirements in subsection 1,  
8 except in the case of the death of the owner, shall notify the tax collector within 30 days  
9 of the ineligibility. If the owner dies, the trustee of the estate shall notify the tax  
10 collector.

11 The tax collector shall prepare a statement for the person notifying the tax collector  
12 showing:

13 A. The total amount of property taxes deferred on that residence due to participation  
14 in the program;

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

17 C. The current assessment; and

18 D. The amount of the additional assessment, if any, imposed for administrative costs  
19 pursuant to subsection 5.

20 Deferred property taxes that are not repaid within the time required by this subsection  
21 accrue interest at the rate of 6% per annum.

22 5. Additional assessment; escrow account. As part of the program, the  
23 municipality may, by a majority vote of its voters and in the same manner by which taxes  
24 are set pursuant to section 505, impose an additional assessment on the property in that  
25 municipality. The additional assessment may not exceed 2% of the total taxes deferred  
26 under this section. If the additional assessment is approved, the revenue from the  
27 additional assessment must be deposited in a dedicated escrow account maintained by  
28 that municipality and used solely to offset the costs of administering the program.

29 **§6133. Relationship to state programs**

30 The benefits received under this chapter are not intended to reduce or disqualify a  
31 person from receiving a benefit under any state tax relief program, such as the Maine  
32 resident homestead property tax exemption program under chapter 105, subchapter 4-B or  
33 the Maine Residents Property Tax Program in chapter 907.

34 **§6134. Listing of tax-deferred property**

35 1. Tax-deferred property list. If eligibility for deferral of taxes on homestead  
36 property is established as provided in this chapter, the municipal assessor shall show on  
37 the current ad valorem assessment and tax roll which property is tax-deferred property by  
38 an entry clearly designating that property as tax-deferred property.

