

# MAINE STATE LEGISLATURE

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# 123rd MAINE LEGISLATURE

## FIRST SPECIAL SESSION-2008

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Legislative Document

No. 2310

H.P. 1670

House of Representatives, April 8, 2008

**An Act To Permit Persons 65 Years of Age or Older To Defer  
Payment of Property Taxes**

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Reported by Representative PIOTTI of Unity for the Joint Standing Committee on Taxation  
pursuant to Joint Order, H.P. 1233.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

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

2 **Sec. 1. 36 MRSA §6251, sub-§1**, as repealed and replaced by PL 1993, c. 395,  
3 §31, is amended to read:

4 **1. Filing claim.** Subject to section 6252, an individual or 2 or more individuals  
5 jointly may elect to defer the property taxes on their homestead by filing a claim for  
6 deferral with the municipal assessor ~~after January 1st but~~ no later than April 1st of the  
7 first year in which deferral is claimed if:

8 A. The individual or each individual, in the case of 2 or more individuals filing a  
9 claim jointly, is 65 years of age or older on April 1st of the year in which the claim is  
10 filed; ~~and~~ .

11 ~~B. The individual or, in the case of 2 or more individuals filing a claim jointly, all~~  
12 ~~the individuals together have household income, as defined in section 6201,~~  
13 ~~subsection 7, of less than \$32,000 for the calendar year immediately preceding the~~  
14 ~~calendar year in which the claim is filed.~~

15 The municipal assessor shall forward each claim filed under this subsection to the bureau  
16 within 30 days of receipt and the bureau shall determine if the property is eligible for  
17 deferral.

18 ~~Claims from new applicants may not be filed pursuant to this chapter prior to January 1,~~  
19 ~~1994. For purposes of this section, "new applicants" means any person or persons that~~  
20 ~~have not filed claims prior to April 1, 1991.~~

21 **Sec. 2. 36 MRSA §6251, sub-§2**, as enacted by PL 1989, c. 534, Pt. C, §1, is  
22 amended to read:

23 **2. Property tax deferral.** ~~When the taxpayer elects~~ If the taxpayer is determined to  
24 be eligible to defer property taxes for any year by filing a claim for deferral under  
25 subsection 1, it ~~shall have~~ has the effect of:

26 A. Deferring the payment of the property taxes levied on the homestead for the  
27 ~~municipal fiscal tax~~ year beginning on or after April 1st of that year;

28 B. Continuing deferral of the payment by the taxpayer of any property taxes  
29 deferred under this chapter for previous years that have not become delinquent under  
30 section 6260; and

31 C. Continuing the deferral of the payment by the taxpayer of any future property  
32 taxes for as long as the provisions of section 6252 are met.

33 **Sec. 3. 36 MRSA §6253**, as enacted by PL 1989, c. 534, Pt. C, §1, is amended to  
34 read:

35 **§6253. Claim forms; contents**

36 **1. Administration.** A ~~taxpayer's~~ taxpayer may file a claim for deferral under this  
37 chapter ~~shall be~~ in writing on a form supplied by the bureau and ~~shall~~ must:

- 1           A. ~~Describe~~ Identify the homestead;
- 2           B. ~~Recite facts establishing the~~ Establish eligibility for the deferral under the  
3 provisions of this chapter, ~~including facts that establish that the household income as~~  
4 ~~defined in section 6201, subsection 7, of the individual, or, in the case of 2 or more~~  
5 ~~individuals claiming the deferral jointly, was less than \$32,000 for the calendar year~~  
6 ~~immediately preceding the calendar year in which the claim is filed; and~~
- 7           C. ~~Have attached~~ Attach any ~~documentary proof information~~ required by the bureau  
8 to show that the requirements of section 6252 have been met.

9           **2. Statement verification.** ~~There shall be annexed to the~~ The claim must contain a  
10 statement verified by a written declaration of the applicant ~~making the claim to the effect~~  
11 that the statements contained in the claim are true.

12           **Sec. 4. 36 MRS §6254, sub-§1**, as repealed and replaced by PL 1989, c. 713,  
13 §4, is amended to read:

14           **1. Lien.** The lien provided in section 552 ~~must continue~~ continues for purposes of  
15 protecting the State's deferred tax interest in tax deferred property. When it is determined  
16 that one of the events set out in section 6259 has occurred and that a property is no longer  
17 eligible for property tax deferral under this chapter, the State Tax Assessor shall send  
18 notice by certified mail to the owner, or the owner's heirs or devisees, listing the total  
19 amount of deferred property taxes, including accrued interest and costs of all the years  
20 and demanding payment on or before April 30th of the year following the tax year in  
21 which the circumstances causing withdrawal from the provisions of this chapter occur.

22           When the circumstances listed in section 6259, subsection 4 occur, the amount of  
23 deferred taxes is due and payable 5 days before the date of removal of the property from  
24 the State.

25           If the deferred tax liability of a property has not been satisfied by the April 30th demand  
26 date, the State Tax Assessor shall, within 30 days, record in the registry of deeds in the  
27 county where the real estate is located a tax lien certificate signed by the State Tax  
28 Assessor or bearing the assessor's facsimile signature, setting forth the total amount of  
29 deferred tax liability, a description of the real estate on which the tax was deferred and an  
30 allegation that a tax lien is claimed on the real estate to secure payment of the tax, that a  
31 demand for payment of the tax has been made in accordance with this section and that the  
32 tax remains unpaid.

33           At the time of the recording of the tax lien certificate in the registry of deeds, the State  
34 Tax Assessor shall send by certified mail, return receipt requested, to each record holder  
35 of a mortgage on the real estate, to the holder's last known address, a true copy of the tax  
36 lien certificate. The cost to be paid by the property owner, or the owner's heirs or  
37 devisees, is the sum of the fees for recording and discharging of the lien as established by  
38 Title 33, section 751, subsection 10, plus \$13. Upon redemption, the State Tax Assessor  
39 shall prepare and record a discharge of the tax lien mortgage. The lien described in  
40 section 552 is the basis of this tax lien mortgage procedure.

41           The filing of the tax lien certificate, provided for in this section, in the registry of deeds  
42 creates a mortgage on the real estate to the State and has priority over all other mortgages,

1 liens, attachments and encumbrances of any nature and gives to the State all rights  
2 usually instant to a mortgage, except that the mortgagee does not have any right of  
3 possession of the real estate until the right of redemption expires.

4 Payments accepted during the redemption period may not interrupt or extend the  
5 redemption period or in any way affect the foreclosure procedures.

6 **Sec. 5. 36 MRSA §6255, sub-§3**, as enacted by PL 1989, c. 534, Pt. C, §1, is  
7 amended to read:

8 **3. Interest.** Interest ~~shall accrue~~ accrues on the actual amount of taxes advanced to  
9 the municipality for the tax-deferred property at the rate of 6% per annum. If the State  
10 Tax Assessor determines that average residential mortgage rates in the State exceeded 6%  
11 for at least 12 consecutive months and that the interest rate differential creates an  
12 incentive for taxpayers to defer taxes primarily because of the lower interest rate provided  
13 by this chapter, the State Tax Assessor shall report this fact to the joint standing  
14 committee of the Legislature having jurisdiction over taxation matters, which may submit  
15 legislation to adjust the interest rate under this subsection.

16 **Sec. 6. 36 MRSA §6266, sub-§1**, as enacted by PL 1989, c. 534, Pt. C, §1, is  
17 amended to read:

18 **1. Revolving account.** This section establishes in the State Treasury the Senior  
19 Property Tax Deferral Revolving Account to be used by the bureau for the purpose of  
20 making the payments to municipal tax collectors of property taxes deferred ~~for tax years~~  
21 ~~beginning on or after April 1, 1990, as required by section 6257~~ under this chapter.

22 **Sec. 7. 36 MRSA §6267**, as enacted by PL 1993, c. 707, Pt. G, §10, is repealed.

23 **Sec. 8. Appropriations and allocations.** The following appropriations and  
24 allocations are made.

25 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

26 **Revenue Services - Bureau of 0002**

27 Initiative: Provides one-time funds for the computer software necessary to administer the  
28 elderly property tax deferral program.

29	<b>GENERAL FUND</b>	<b>2007-08</b>	<b>2008-09</b>
30	All Other	\$0	\$100,000
31			
32	<b>GENERAL FUND TOTAL</b>	<b>\$0</b>	<b>\$100,000</b>

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**SUMMARY**

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This bill provides a process that permits persons 65 years of age or older to defer property taxes on their homesteads. The State would reimburse municipalities for the deferred taxes and acquire a lien on the property to collect what is owed when the property is sold or otherwise transferred.

6

**FISCAL NOTE REQUIRED**

7

**(See attached)**



# 123rd MAINE LEGISLATURE

LD 2310

LR 3626(01)

## An Act To Permit Persons 65 Years of Age or Older To Defer Payment of Property Taxes

Fiscal Note for Original Bill

Committee: Taxation

Fiscal Note Required: Yes

### Fiscal Note

	2007-08	2008-09	Projections 2009-10	Projections 2010-11
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$100,000	\$840,000	\$1,602,000
<b>Appropriations/Allocations</b>				
General Fund	\$0	\$100,000	\$840,000	\$1,602,000

#### Fiscal Detail and Notes

The General Fund cost of the elderly property tax deferral program is estimated to be \$840,000 in fiscal year 2009-10 and \$1,602,000 in fiscal year 2010-11. The bill includes a one-time General Fund appropriation of \$100,000 in fiscal year 2008-09 for Maine Revenue Services' administrative costs.