

MAINE STATE LEGISLATURE

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
124TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 776, L.D. 1121, Bill, "An Act To Protect Elderly Residents from Losing Their Homes Due to Taxes or Foreclosure"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

'Sec. 1. 36 MRSA §941, 2nd ¶ is amended to read:

The tax collector may, after the expiration of 8 months and within one year from the date of original commitment of the tax or, in the case of deferred taxes pursuant to chapter 908-A, after the due and payable date established pursuant to section 6271, subsection 5, give to the person against whom ~~said~~ the tax is assessed, or leave at ~~his~~ the person's last and usual place of abode, or send by registered mail to ~~his~~ the person's last known address, a notice in writing signed by said tax collector stating the amount of the tax, describing the real estate on which the tax is assessed and demanding the payment of such tax within 10 days after service of such notice.

Sec. 2. 36 MRSA §942, 2nd ¶, as amended by PL 1983, c. 407, §2, is further amended to read:

The tax collector may, after the expiration of 8 months and within one year after the date of original commitment of a tax or, in the case of deferred taxes pursuant to chapter 908-A, after the due and payable date established pursuant to section 6271, subsection 5, give to the person against whom the tax is assessed, or leave at ~~his~~ the person's last and usual place of abode, or send by certified mail, return receipt requested, to ~~his~~ the person's last known address, a notice in writing signed by the tax collector or bearing ~~his~~ the tax collector's facsimile signature, stating the amount of the tax, describing the real estate on which the tax is assessed, alleging that a lien is claimed on the real estate to secure the payment of the tax, and demanding the payment of the tax within 30 days after service or mailing of the notice with \$3 for the tax collector for making the demand together with the certified mail, return receipt requested, fee. In the case of taxes supplementally assessed, the tax collector may give that notice after the expiration of 8 months and within one year after the date of commitment of the supplementally assessed taxes. If an owner or occupant of real estate to whom the real estate is taxed dies before that demand

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1 is made on ~~him~~ that owner or occupant, the demand may be made upon the personal
2 representative of his that owner's or occupant's estate or upon any of his that owner's or
3 occupant's heirs or devisees.

4 **Sec. 3. 36 MRSA §942, 5th ¶**, as amended by PL 1991, c. 846, §9, is further
5 amended to read:

6 The costs to be paid by the taxpayer are the sum of the fees for recording and
7 discharge of the lien as established by Title 33, section 751, plus \$13, plus the fee
8 established by section 943 for sending a notice 30 to 45 days prior to the foreclosing date
9 of the tax lien mortgage if that notice is actually sent and all certified mail, return receipt
10 requested, fees. In the case of a lien in effect pursuant to chapter 908-A, the costs to be
11 paid include interest in the amount established under section 6271, subsection 3. Upon
12 redemption, the municipality shall prepare and record a discharge of the tax lien
13 mortgage.

14 **Sec. 4. 36 MRSA §943-B** is enacted to read:

15 **§943-B. Credit reporting; payment during redemption period**

16 If a municipality takes action under sections 942 or 943 to enforce a lien in effect
17 pursuant to chapter 908-A that results in a record of a lien in a party's name being placed
18 in that party's file with a consumer reporting agency, that lien must be considered
19 inaccurate information under Title 10, section 1317 if the party submits proof to the
20 consumer reporting agency that the deferred taxes were paid during the 18-month
21 redemption period provided for in section 943.

22 **Sec. 5. 36 MRSA c. 908-A** is enacted to read:

23 **CHAPTER 908-A**

24 **MUNICIPAL PROPERTY TAX DEFERRAL FOR SENIOR CITIZENS**

25 **§6271. Municipal authority**

26 **1. Definitions.** As used in this chapter, unless the context otherwise indicates, the
27 following terms have the following meanings.

28 A. "Eligible homestead" means the owner-occupied principal dwelling, either real or
29 personal property, owned by a taxpayer and the land upon which it is located. If the
30 dwelling is located in a multiunit building, the eligible homestead is the portion of the
31 building actually used as the principal dwelling and its percentage of the value of the
32 common elements and of the value of the tax lot upon which it is built. The
33 percentage is the value of the dwelling compared to the total value of the building
34 exclusive of the common elements, if any.

35 B. "Federal poverty level" means the nonfarm income official poverty line for a
36 family of the size involved, as defined by the federal Office of Management and
37 Budget and revised annually in accordance with the United States Omnibus Budget
38 Reconciliation Act of 1981, Section 673, Subsection 2.

39 C. "Household income" has the meaning set out in section 6201, subsection 7.

1 D. "Program" means a tax deferral program adopted by a municipality pursuant to
2 subsection 2.

3 E. "Tax-deferred property" means the property upon which taxes are deferred under
4 this chapter.

5 F. "Taxes" or "property taxes" means ad valorem taxes, assessments, fees and
6 charges entered on the assessment and tax roll.

7 G. "Taxpayer" means an individual who is responsible for payment of property taxes
8 and has applied to participate or is currently participating in the program under this
9 chapter.

10 2. Authority. The legislative body of a municipality may by ordinance adopt a
11 property tax deferral program for senior citizens, referred to in this section as "the
12 program." Upon application by a taxpayer, a municipality may defer property taxes on
13 property if the following conditions are met:

14 A. The property is an eligible homestead where the taxpayer has resided for at least
15 10 years prior to application;

16 B. The taxpayer is an owner of the eligible homestead, is at least 70 years of age on
17 April 1st of the first year of eligibility and occupies the eligible homestead; and

18 C. The household income of the taxpayer does not exceed 300% of the federal
19 poverty level.

20 An application, information submitted in support of an application and files and
21 communications relating to an application for deferral of taxes under the program are
22 confidential. Hearings and proceedings held by a municipality on an application must be
23 held in executive session unless otherwise requested by the applicant. Nothing in this
24 paragraph applies to the recording of liens or lists under subsection 3 or any enforcement
25 proceedings undertaken by the municipality pursuant to this chapter or other applicable
26 law.

27 The municipality shall make available upon request the most recent list of tax-deferred
28 properties of that municipality required to be filed under subsection 3. The municipality
29 may publish and release as public information statistical summaries concerning the
30 program as long as the release of the information does not jeopardize the confidentiality
31 of individually identifiable information.

32 3. Effect of deferral. If property taxes are deferred under the program, the lien
33 established on the eligible homestead under section 552 continues for the purpose of
34 protecting the municipal interest in the tax-deferred property. Interest on the deferred
35 taxes accrues at the rate of 0.5% above the otherwise applicable rate for delinquent taxes.
36 In order to preserve the right to enforce the lien, the municipality shall record in the
37 county registry of deeds a list of the tax-deferred properties of that municipality. The list
38 must contain a description of each tax-deferred property as listed in the municipal
39 valuation together with the name of the taxpayer listed on the valuation. The list must be
40 updated annually to reflect the addition or deletion of tax-deferred properties, the amount
41 of deferred taxes accrued for each property and payments received.

B. 8/8

1 The recording of the tax-deferred properties under this subsection is notice that the
2 municipality claims a lien against those properties in the amount of the deferred taxes
3 plus interest together with any fees paid to the county registry of deeds in connection with
4 the recording. For a property deleted from the list, the recording serves as notice of
5 release or satisfaction of the lien, even though the amount of taxes, interest or fees is not
6 listed.

7 4. Notice. The State Tax Assessor shall prepare a one-page notice of the effect of
8 the deferral of property taxes under this section, of the right of the municipality to file a
9 tax lien mortgage pursuant to chapter 105 and that the deferred taxes become due and
10 payable as established in subsection 5. This notice must have a readability score, as
11 determined by a recognized instrument for measuring adult literacy levels, equivalent to
12 no higher than a 6th grade reading level. A municipality that adopts the program shall
13 provide a copy of this notice to each taxpayer applying to the program at the time of
14 application and shall also annually provide to each taxpayer in the program, in lieu of a
15 property tax bill, a copy of this notice together with an accounting of taxes deferred and
16 interest accrued.

17 5. Lien. When it is determined that one of the events set out in subsection 6 has
18 occurred and that a property is no longer eligible for property tax deferral under this
19 chapter, the municipality shall send notice by certified mail to the taxpayer, or the
20 taxpayer's heirs or devisees, listing the total amount of deferred property taxes, including
21 accrued interest and costs of all the years and establishing a due and payable date. For
22 events listed in subsection 6, paragraphs A, B and C, payment is due within 45 days of
23 the date of the notice. When the event listed in subsection 6, paragraph D occurs, the
24 total amount of deferred taxes is due and payable 5 days before the date of removal of the
25 property from the State. The municipality shall include in the notice a statement that the
26 lien enforcement procedures pursuant to chapter 105, subchapter 9 apply.

27 If the deferred tax liability of a property has not been satisfied by the date established
28 pursuant to this subsection, the municipality may enforce the lien according to procedures
29 in chapter 105, subchapter 9.

30 Partial payments accepted during the 18-month redemption period provided for in section
31 943 may not interrupt or extend the redemption period or in any way affect foreclosure
32 procedures.

33 6. Events requiring the payment of deferred tax and interest. Subject to
34 subsection 7, all deferred taxes and accrued interest must be paid pursuant to subsection 5
35 when:

- 36 A. The taxpayer dies;
- 37 B. Some person other than the taxpayer becomes the owner of the property;
- 38 C. The tax-deferred property is no longer occupied by the taxpayer as a principal
39 residence, except that this paragraph does not apply if the taxpayer is required to be
40 absent from the eligible homestead for health reasons; or
- 41 D. The tax-deferred property, a mobile home, is moved out of the State.

42 7. Election to continue deferral. If one of the events listed in subsection 6 occurs,
43 and the ownership of the eligible homestead is transferred to another member of the same

COMMITTEE AMENDMENT

1 household, the transferee may apply to the municipality for continuation of the deferral of
2 taxes if the transferee meets the conditions in subsection 2, paragraphs B and C.

3 **8. Repeal of program.** A municipality that has adopted the program under this
4 section may discontinue it through the same procedure by which the program was
5 adopted; however, any taxes deferred under the program continue to be deferred under
6 the conditions of the program on the date it was ended.'

7 **SUMMARY**

8 This amendment replaces the bill. It allows a municipality to establish a property tax
9 deferral program for eligible senior citizens. In municipalities that offer the program, it
10 allows homeowners to apply for a deferral of their property taxes if they are at least 70
11 years of age, occupy the eligible homestead, have lived in their home for at least 10 years
12 and have a household income of less than 300% of the federal poverty level. The taxes
13 may be deferred until the time that certain events occur, including the death of the
14 homeowner or sale of the home, at which time the repayment of the taxes is required
15 within an established time period, along with payment of interest at a rate of 0.5% above
16 the annually established rate for delinquent taxes. The amendment provides procedures
17 for the municipality to preserve the right to enforce a lien. It requires the municipality to
18 use procedures in current law to enforce a lien and for foreclosure. It requires the
19 municipality to provide a copy of a notice prepared by the State Tax Assessor, which
20 describes the effect of deferral of property taxes and of the right of the municipality to
21 foreclose on the tax lien mortgage, to each applicant for the program at the time of
22 application. It also requires the municipality to provide a copy of this notice annually, in
23 lieu of a property tax bill, along with an accounting of taxes deferred and interest accrued.
24 It allows a municipality to repeal the program through the same procedure by which it
25 was adopted; however, any taxes deferred under the program must continue to be
26 deferred under the conditions of the program on the date it was ended.

27 **FISCAL NOTE REQUIRED**

28 (See attached)



124th MAINE LEGISLATURE

LD 1121

LR 1242(02)

An Act To Protect Elderly Residents from Losing Their Homes Due to Taxes or Foreclosure

Fiscal Note for Bill as Amended by Committee Amendment "A"

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

Minor cost increase - General Fund

Fiscal Detail and Notes

This bill presents municipalities with the option of adopting a property tax deferral program for eligible homestead property owned by their residents seventy (70) years of age or older whose income is within specified income levels. Ancillary duties required of the State Tax Assessor in connection with any such programs can be performed within existing budgeted resources.