

# MAINE STATE LEGISLATURE

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# 124th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2009

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Legislative Document

No. 1121

H.P. 776

House of Representatives, March 20, 2009

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

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative CHASE of Wells.  
Cosponsored by Senator NASS of York and  
Representatives: BRYANT of Windham, CORNELL du HOUX of Brunswick, CROCKETT of  
Bethel, PILON of Saco, SIROIS of Turner.

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

2 PART A

3 Sec. A-1. 36 MRSA §6250-A is enacted to read:

4 §6250-A. Short title

5 This chapter may be known and cited as the Senior Property Tax Deferral Program.

6 Sec. A-2. 36 MRSA §6251, sub-§1, as repealed and replaced by PL 1993, c. 395,  
7 §31, is amended to read:

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

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

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

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

22 ~~Claims from new applicants may not be filed pursuant to this chapter prior to January 1,~~  
23 ~~1994. For purposes of this section, "new applicants" means any person or persons that~~  
24 ~~have not filed claims prior to April 1, 1991.~~

25 Sec. A-3. 36 MRSA §6251, sub-§2, as enacted by PL 1989, c. 534, Pt. C, §1, is  
26 amended to read:

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

30 A. Deferring the payment of the property taxes levied on the homestead for the  
31 municipal fiscal year beginning on or after April 1st of that year;

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

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

1           **Sec. A-4. 36 MRSA §6253**, as enacted by PL 1989, c. 534, Pt. C, §1, is amended  
2 to read:

3           **§6253. Claim forms; contents**

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

6           A. ~~Describe~~ Identify the homestead;

7           B. ~~Recite facts establishing the~~ Establish eligibility for the deferral under the  
8 provisions of this chapter, ~~including facts that establish that the household income as~~  
9 ~~defined in section 6201, subsection 7, of the individual, or, in the case of 2 or more~~  
10 ~~individuals claiming the deferral jointly, was less than \$32,000 for the calendar year~~  
11 ~~immediately preceding the calendar year in which the claim is filed; and~~

12           C. ~~Have attached~~ Attach any ~~documentary proof~~ information required by the bureau  
13 to show that the requirements of section 6252 have been met.

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

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

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

27           **Sec. A-6. 36 MRSA §6257, sub-§1-A**, as enacted by PL 1991, c. 528, Pt. DD, §1  
28 and affected by Pt. RRR and enacted by c. 591, Pt. DD, §1, is amended to read:

29           **1-A. Prorated payment of deferred taxes.** The State Tax Assessor is authorized to  
30 prorate payments to municipalities for claims filed pursuant to this chapter if the amount  
31 available in the Senior Property Tax Deferral ~~Revolving Account~~ Fund established in  
32 section ~~6266~~ 6266-A in any fiscal year is insufficient to make full payments to all  
33 municipalities. If the applicant for deferred taxes can not pay the difference due to the  
34 municipality, the municipality that does not receive the full amount of deferred property  
35 taxes may cause a tax lien certificate to be filed in the county registry of deeds for the  
36 amount not received.

37           **Sec. A-7. 36 MRSA §6266**, as enacted by PL 1989, c. 534, Pt. C, §1, is repealed.

38           **Sec. A-8. 36 MRSA §6266-A** is enacted to read:



1 0.5% of those funds into the Senior Property Tax Deferral Fund established in section  
2 6266-A, subsection 1. If the assessor determines, pursuant to section 6266-A, subsection  
3 6, that distributions pursuant to this subsection are not needed for the following year, the  
4 assessor shall cease distributions to the Senior Property Tax Deferral Fund. The  
5 remaining funds must be distributed as specified in subsection 4.

6 **Sec. B-2. Effective date.** This Part takes effect October 1, 2009.

7 **PART C**

8 **Sec. C-1. 36 MRSA §684, sub-§1,** as amended by PL 2007, c. 438, §21, is  
9 further amended to read:

10 **1. Generally.** The bureau shall furnish to the assessor of each municipality a  
11 sufficient number of printed forms to be filed by applicants for an exemption under this  
12 subchapter and shall determine the content of the forms. The forms must contain a place  
13 for the applicant's birth date. A municipality shall provide to its inhabitants reasonable  
14 notice of the availability of application forms. An individual claiming an exemption  
15 under this subchapter for the first time shall file the application form with the assessor or  
16 the assessor's representative. The application must be filed on or before April 1st of the  
17 year on which the taxes are based.

18 **Sec. C-2. 36 MRSA §949** is enacted to read:

19 **§949. Suspension of foreclosure for homesteads of persons 65 years of age or older**

20 Notwithstanding the other provisions of this subchapter, a tax lien mortgage may not  
21 be foreclosed with respect to the homestead as defined in section 681 of a person who is  
22 65 years of age or older who has been a resident in the homestead for 10 years or longer  
23 until the real estate is transferred by deed or at the death of the person eligible for the  
24 suspension of foreclosure provided in this section. Liens on the real estate continue in  
25 effect until the death of the property owner or the property is otherwise transferred, and  
26 interest on the unpaid taxes continues to accrue until the lien is satisfied.

27 **Sec. C-3. Application.** This Part applies to a tax lien in existence on or after  
28 October 1, 2009.

29 **SUMMARY**

30 Part A provides a process, through the Senior Property Tax Deferral Program, that  
31 permits persons 65 years of age or older to defer property taxes on their homesteads  
32 without regard to income. The State would reimburse municipalities for the deferred  
33 taxes and acquire a lien on the property to collect what is owed when the property is sold  
34 or otherwise transferred.

35 Part B requires 0.5% of the real estate transfer tax paid to the State to be deposited in  
36 a fund to be used to fund the Senior Property Tax Deferral Program. Based on an annual  
37 assessment by the State Tax Assessor, if the assessor determines that the Senior Property

1 Tax Deferral Program has sufficient funding without the distribution from the real estate  
2 transfer tax, that distribution is suspended for that year.

3 Part C provides that a lien for unpaid property taxes may not be foreclosed against the  
4 homestead of a person who is at least 65 years of age and has lived in the homestead for  
5 at least 10 years until the property is transferred by deed or upon death. Liens would  
6 continue in effect and would accrue interest until the lien is satisfied.