

# MAINE STATE LEGISLATURE

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# 124th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2009

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Legislative Document

No. 1233

H.P. 853

House of Representatives, March 26, 2009

### An Act To Provide Property Tax Relief to Senior 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 WEAVER of York.  
Cosponsored by Senator NASS of York and  
Representatives: EDGECOMB of Caribou, HAMPER of Oxford, JOY of Crystal, LEWIN of  
Eliot, MORRISON of South Portland, RICHARDSON of Warren, WHEELER of Kittery,  
Senator: McCORMICK of Kennebec.

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 Act."

8 §6132. Municipal property tax deferment program

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

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

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

16 B. Pays property taxes to that municipality;

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

20 D. Has an annual income that does not exceed 300% of the nonfarm income official  
21 poverty line, as defined by the federal Office of Management and Budget and revised  
22 annually in accordance with the United States Omnibus Budget Reconciliation Act of  
23 1981, Section 673.

24 2. Qualifying event. A person who is eligible to participate in the program may  
25 elect to pay property taxes at a level equal to those property taxes assessed on that  
26 person's residence at the latest of the following qualifying events:

27 A. The date the person attained at least 65 years of age;

28 B. The date of purchase of the residence; and

29 C. April 1, 2009.

30 3. Deferment of property taxes. If the municipality determines that the person  
31 qualifies, the municipality shall defer any property taxes above the amount assessed the  
32 year the person files for participation pursuant to subsection 4. The property taxes must  
33 continue to be deferred until the home is sold or transferred, the person chooses to stop  
34 participating in the program or the person becomes ineligible to participate in the  
35 program.

1           4. Filing; notice; records. An eligible person who wants to participate in the  
2 program shall file notice with the municipality, on a form supplied by the State Tax  
3 Assessor to the municipality, of the intent to participate, indicating the date on which the  
4 property taxes are to be based using the criteria in subsection 2, paragraph A, B or C.  
5 The form must be filed no later than December 31st of any year following the occurrence  
6 of the qualifying event described in subsection 2 upon which the tax deferral is to be  
7 based.

8           The municipality, on the property tax bill sent to a participant in the program, shall  
9 indicate:

10           A. The taxes due;

11           B. The amount of taxes deferred for that tax period;

12           C. The cumulative taxes deferred over the course of participation in the program; and

13           D. The maximum annual income the participant may have and still remain eligible to  
14 participate in the program.

15           The municipality shall keep a record of these amounts.

16           5. Decrease in assessed value. Notwithstanding subsection 3, the assessment of  
17 eligible property under this chapter may be decreased to reflect the diminution of the  
18 value due to revaluation, destruction or subtraction.

19           6. Repayment of property taxes; interest. When the owner of property enrolled in  
20 the program no longer meets the eligibility requirements in subsection 1 or the property is  
21 sold or transferred or withdrawn from the program, the total taxes deferred under  
22 subsection 3 must be paid not later than 30 days after the sale, transfer or withdrawal. If  
23 the ineligibility is the result of the death of the owner, the deferred property taxes must be  
24 paid no later than 30 days following the sale or transfer of the property. The person  
25 selling or transferring the property or withdrawing the property from the program is  
26 responsible for payment of the deferred property taxes. The person selling or transferring  
27 the property or withdrawing the property from the program shall notify the municipal tax  
28 collector for the taxing municipality at least 30 days prior to the sale, transfer or  
29 withdrawal. A person who no longer meets the eligibility requirements in subsection 1,  
30 except in the case of the death of the owner, shall notify the tax collector within 30 days  
31 of the ineligibility. If the owner dies, the trustee of the estate shall notify the tax  
32 collector.

33           The tax collector shall prepare a statement for the person notifying the tax collector  
34 showing:

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

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

39           C. The current assessment; and

40           D. The amount of the additional assessment, if any, imposed for administrative costs  
41 pursuant to subsection 7.

1 Notwithstanding section 505, deferred property taxes that are not repaid within the time  
2 required by this subsection accrue interest at the rate of 6% per annum.

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

10 **§6133. Relationship to state programs**

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

15 **§6134. Listing of tax-deferred property**

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

20 2. Tax statement. When requested by the bureau, the municipal tax collector shall  
21 send to the bureau as soon as the taxes are extended upon the roll the tax statement for  
22 each tax-deferred property.

23 **§6135. Reimbursement for state-mandated costs**

24 The bureau shall reimburse municipalities and the Unorganized Territory Education  
25 and Services Fund under chapter 115 for state-mandated costs in the manner provided in  
26 Title 30-A, section 5685.

27 **SUMMARY**

28 This bill allows a municipality, by vote of its residents, to establish a municipal  
29 property tax deferment program. The program would allow a resident who is at least 65  
30 years of age and whose annual income is not more than 300% of the poverty level to pay  
31 property taxes on that person's homestead at the rate that was in effect during the year the  
32 person attained at least 65 years of age, the date the person purchased the homestead or  
33 April 1, 2009, whichever is latest. The payment remains at that level until the residence  
34 is sold or transferred, the person elects to stop participating or the person is no longer  
35 eligible to participate in the program. At that time, all property taxes assessed on the  
36 property but deferred because of participation in the program must be paid to the  
37 municipality. Deferred taxes that are not paid within the required time accrue interest.

1           In order to offset the temporary loss of revenue caused by persons participating in the  
2 program, the municipality may, upon approval of its voters, impose an additional  
3 assessment of up to 2% of the taxes deferred upon property in the municipality. The  
4 revenue from the additional assessment must be kept in a dedicated escrow account and  
5 used solely for the administrative costs of the program.

6           The bill requires the Department of Administrative and Financial Services, Bureau of  
7 Revenue Services to reimburse a municipality and the Unorganized Territory Education  
8 and Services Fund for any state-mandated costs.