

# MAINE STATE LEGISLATURE

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# 126th MAINE LEGISLATURE

## SECOND REGULAR SESSION-2014

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Legislative Document

No. 1646

S.P. 637

In Senate, December 23, 2013

### **An Act To Provide Property Tax Relief to Seniors Residing in Maine**

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Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Received by the Secretary of the Senate on December 23, 2013. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed.

A handwritten signature in black ink, appearing to read "D M Grant", is positioned above the printed name of the Secretary of the Senate.

DAREK M. GRANT  
Secretary of the Senate

Presented by Senator DUTREMBLE of York.  
Cosponsored by Representative GOODE of Bangor and  
Senators: BOYLE of Cumberland, JACKSON of Aroostook, VALENTINO of York,  
Representatives: BEAVERS of South Berwick, GRANT of Gardiner, KUSIAK of Fairfield.

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

2               **Sec. 1. 36 MRSA §841, sub-§2-A** is enacted to read:

3               **2-A. Elderly households.** The municipal officers, or the State Tax Assessor for the  
4       unorganized territory, on written application shall abate the real and personal taxes on an  
5       elderly household as provided in this subsection.

6               A. As used in this subsection, unless the context otherwise indicates, the following  
7       terms have the following meanings.

8               (1) "Applicant" means an individual who has filed for abatement under this  
9       subsection. "Applicant" includes an individual who has filed an application for  
10       abatement under this subsection and who was domiciled in this State and owned  
11       or otherwise maintained a homestead in this State during the entire calendar year  
12       prior to the year for which abatement is requested and occupied that homestead  
13       for at least 6 months during that year.

14       (2) "Cooperative housing corporation" means an entity organized for the purpose  
15       of owning residential real estate in which residents own shares that entitle the  
16       shareholder to inhabit a certain space within a residential dwelling.

17       (3) "Cooperative property" means the real property, including mobile and  
18       manufactured homes, owned by a cooperative housing corporation for the  
19       primary purpose of residential use.

20       (4) "Homestead" means any residential property, including cooperative property,  
21       in this State assessed as real property owned by an applicant or held in a  
22       revocable living trust for the benefit of the applicant and occupied by the  
23       applicant as the applicant's permanent residence or owned by a cooperative  
24       housing corporation and occupied as a permanent residence by a resident who is  
25       a shareholder. "Homestead" does not include any real property used solely for  
26       commercial purposes.

27       (5) "Household" means an applicant and spouse and members of the household  
28       for whom the applicant is entitled to claim an exemption as a dependent under  
29       Part 8 for the year for which abatement is requested.

30       (6) "Household income" means all income received by all persons of a  
31       household in a calendar year while members of the household.

32       (7) "Income" means Maine adjusted gross income determined in accordance with  
33       Part 8.

34       (8) "Initial date of application" means the date the applicant first applied for  
35       abatement of property taxes on the homestead that is the subject of the abatement.

36       (9) "Owned" includes a vendee in possession under a land contract, one or more  
37       joint tenants or tenants in common and possession under a legally binding  
38       agreement that allows the owner of the dwelling to transfer the property but  
39       continue to occupy the dwelling as a home until some future event stated in the  
40       agreement.

1           (10) "Permanent residence" means that place where an individual has a true,  
2           fixed and permanent home and principal establishment to which the individual,  
3           whenever absent, has the intention of returning. An individual may have only one  
4           permanent residence at a time and, once a permanent residence is established,  
5           that residence is presumed to continue until circumstances indicate otherwise.

6           (11) "Year for which abatement is requested" means the calendar year in which  
7           the request for abatement is filed.

8           B. An applicant may request an abatement under this subsection if:

9           (1) The applicant is at least 65 years of age and a resident of this State and was  
10           domiciled in this State and maintained a homestead in this State during the entire  
11           year for which abatement is requested;

12           (2) The applicant has resided in the homestead for which the abatement is  
13           requested for at least 5 years;

14           (3) The applicant has been retired for at least 5 years; and

15           (4) The household income of the applicant for the calendar year prior to the year  
16           for which abatement is requested is no more than \$65,000.

17           C. The amount of the abatement available under this subsection is equal to the  
18           difference between the property taxes levied on the homestead for each property tax  
19           year following the initial date of application and the property taxes levied on the  
20           homestead on the initial date of application.

21           D. A person who desires to secure an abatement under this subsection shall make  
22           written application and file written proof of entitlement with the assessors of the  
23           place in which the person resides on or before the first day of April. Notwithstanding  
24           Title 1, chapter 13, an application and proof of entitlement filed pursuant to this  
25           paragraph is confidential and may not be made available for public inspection. The  
26           assessors shall thereafter grant the abatement as determined pursuant to paragraph C  
27           to the applicant as long as that person meets the requirements of paragraph B until the  
28           assessors are notified of reason or desire for discontinuance.

29           E. Property conveyed to any person for the purpose of obtaining an abatement under  
30           this subsection is not entitled to abatement, except property conveyed between  
31           spouses, and the obtaining of an abatement by means of fraudulent conveyance is  
32           punishable by a fine of \$100 or 2 times the amount of the taxes evaded by the  
33           fraudulent conveyance, whichever amount is greater.

34           F. If 2 or more individuals claim the same property, the matter must be referred to  
35           the State Tax Assessor, whose decision is final. Ownership of a homestead under this  
36           subsection may be by fee, by life tenancy, by bond for deed, as mortgagor or by any  
37           other possessory interest in which the owner is personally responsible for the tax for  
38           which abatement is claimed. Regardless of how many names of individuals appear  
39           on the property deed, the individual who meets the qualifications described in  
40           paragraph A, subparagraph (1) and proves sole responsibility for the payment of the  
41           property taxes on the subject property is the applicant with respect to that property. If  
42           2 or more individuals meet the qualifications in paragraph A, subparagraph (1) and  
43           share the responsibility for the payment of the property taxes, each individual may

1 apply on the basis of property taxes levied on the homestead that reflect the  
2 ownership percentage of the applicant and the applicant's household.

3 G. The assessor shall evaluate annually the ongoing eligibility of property for which  
4 an abatement has been approved under this subsection. The evaluation must be based  
5 on the status of the property on April 1st of the year on which the abatement is based.  
6 The evaluation must include, but is not limited to, a review of whether the ownership  
7 of the property has changed in any manner that would disqualify the property for an  
8 abatement under this subsection or whether the owner has ceased to use the property  
9 as a homestead. Unless the assessor determines that the property is no longer entitled  
10 to an abatement under this subsection, the owner is entitled to receive the abatement  
11 without having to reapply. If the assessor determines that the property is no longer  
12 entitled to an abatement under this subsection, the assessor shall notify the owner that  
13 the property is no longer entitled to an abatement under this subsection.

14 H. An owner of property receiving an abatement under this subsection shall notify  
15 the assessor promptly when the status of the owner or ownership or use of the  
16 property changes so as to change the qualification of the owner or the property for an  
17 abatement under this subsection.

18 I. An abatement provided pursuant to this subsection is subject to the provisions of  
19 section 661.

20 **Sec. 2. Application.** This Act applies to property tax years beginning on or after  
21 April 1, 2014.

## 22 SUMMARY

23 This bill allows the owner of real property to obtain an abatement from taxes imposed  
24 on that property if the owner is at least 65 years of age, is a permanent resident of this  
25 State, has household income of no more than \$65,000, has resided in the household for  
26 which the abatement is sought for at least 5 years prior to application and has been retired  
27 for at least 5 years. The amount of the abatement is equal to the difference between the  
28 property taxes imposed on the residence the year of the initial application and the  
29 property taxes imposed each year following the year of the initial application. The effect  
30 of this bill is to freeze the property taxes for an eligible resident at the amount imposed  
31 the year the eligible resident first applied for an abatement. The abatement continues  
32 until the person is no longer eligible. The State is required to reimburse a municipality  
33 50% of the property tax revenue loss suffered by the municipality due to the abatement.