

MAINE STATE LEGISLATURE

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128th MAINE LEGISLATURE

FIRST REGULAR SESSION-2017

Legislative Document

No. 1196

H.P. 833

House of Representatives, March 28, 2017

**An Act To Assist Seniors and Certain Persons with Disabilities in
Paying Property Taxes**

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative BAILEY of Saco.
Cosponsored by Representatives: DENNO of Cumberland, HERBIG of Belfast, McCREIGHT
of Harpswell, Senator: CHENETTE of York.

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

2 **Sec. 1. 36 MRSA §5403, first ¶**, as enacted by PL 2015, c. 267, Pt. DD, §33, is
3 amended to read:

4 On or about September 15th of each year as specified in subsections 1 to ~~6~~ 7, the
5 assessor shall multiply the cost-of-living adjustment for taxable years beginning in the
6 succeeding calendar year by the following:

7 **Sec. 2. 36 MRSA §5403, sub-§7** is enacted to read:

8 **7. Deferral of certain homestead taxes.** Beginning in 2019 and each year
9 thereafter, the amount of the maximum income limitation for deferral of homestead
10 property taxes under section 6251, subsection 1, paragraph B and section 6253,
11 subsection 1, paragraph B.

12 **Sec. 3. 36 MRSA §6251, sub-§1**, as repealed and replaced by PL 1993, c. 395,
13 §31, is amended to read:

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

18 A. The individual or ~~each~~ at least one individual, in the case of 2 or more individuals
19 filing a claim jointly, is 65 years of age or older or retired from gainful employment
20 by reason of physical disability on April 1st of the year in which the claim is filed;
21 and

22 B. The individual or, in the case of 2 or more individuals filing a claim jointly, all the
23 individuals together have ~~household~~ income, as defined in section ~~6204~~ 5219-KK,
24 subsection ~~7~~ 1, paragraph D, of less than ~~\$32,000~~ \$40,000 for the calendar year
25 immediately preceding the calendar year in which the claim is filed.

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

29 ~~Claims from new applicants may not be filed pursuant to this chapter prior to January 1,~~
30 ~~1994. For purposes of this section, "new applicants" means any person or persons that~~
31 ~~have not filed claims prior to April 1, 1991.~~

32 **Sec. 4. 36 MRSA §6251, sub-§2**, as enacted by PL 1989, c. 534, Pt. C, §1, is
33 amended to read:

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

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

1 B. Continuing deferral of the payment by the taxpayer of any property taxes deferred
2 under this chapter for previous years that have not become delinquent under section
3 6260; and

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

6 **Sec. 5. 36 MRSA §6253**, as enacted by PL 1989, c. 534, Pt. C, §1, is amended to
7 read:

8 **§6253. Claim forms; contents**

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

11 A. Describe the homestead;

12 B. ~~Recite facts~~ Provide information establishing the eligibility for the deferral under
13 the provisions of this chapter, including ~~facts that establish~~ information that
14 establishes that the ~~household~~ income, as defined in section ~~6204~~ 5219-KK,
15 subsection ~~7 1, paragraph D,~~ of the individual, or, in the case of 2 or more individuals
16 claiming the deferral jointly, of the individuals, was less than ~~\$32,000~~ \$40,000 for the
17 calendar year immediately preceding the calendar year in which the claim is filed;
18 and

19 C. ~~Have attached~~ Contain any ~~documentary proof~~ information required by the bureau
20 to show that the requirements of section 6252 have been met.

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

24 **Sec. 6. 36 MRSA §6254, sub-§1**, as amended by PL 2007, c. 695, Pt. A, §45, is
25 further amended to read:

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

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

37 If the deferred tax liability of a property has not been satisfied by the April 30th demand
38 date, the State Tax Assessor shall, within 30 days, record in the registry of deeds in the
39 county where the real estate is located a tax lien certificate signed by the State Tax
40 Assessor or bearing the assessor's facsimile signature, setting forth the total amount of

1 deferred tax liability, a description of the real estate on which the tax was deferred and an
2 allegation that a tax lien is claimed on the real estate to secure payment of the tax, that a
3 demand for payment of the tax has been made in accordance with this section and that the
4 tax remains unpaid.

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

13 The filing of the tax lien certificate, provided for in this section, in the registry of deeds
14 creates a mortgage on the real estate to the State and has priority over all other mortgages,
15 liens, attachments and encumbrances of any nature and gives to the State all rights
16 usually instant to a mortgage, except that the mortgagee does not have any right of
17 possession of the real estate until the right of redemption expires.

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

20 **Sec. 7. 36 MRSA §6254, sub-§2**, as repealed and replaced by PL 1989, c. 713,
21 §4, is amended to read:

22 **2. Foreclosure.** If the mortgage, including ~~interest and~~ costs, is not paid within 12
23 months of the date on which the certificate was filed in the registry of deeds, as provided
24 in this section, the mortgage is deemed foreclosed and the right of redemption expired.

25 **Sec. 8. 36 MRSA §6255**, as enacted by PL 1989, c. 534, Pt. C, §1, is amended to
26 read:

27 **§6255. Listing of tax-deferred property**

28 **1. Tax-deferred property list.** If eligibility for deferral of homestead property is
29 established as provided in this chapter, the bureau shall notify the municipal assessor and
30 the municipal assessor shall show on the current ad valorem assessment and tax roll
31 which property is tax-deferred property by an entry clearly designating that property as
32 tax-deferred property.

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

36 ~~**3. Interest.** Interest shall accrue on the actual amount of taxes advanced to the~~
37 ~~municipality for the tax-deferred property at the rate of 6% per annum.~~

38 **Sec. 9. 36 MRSA §6256, sub-§2**, as amended by PL 1989, c. 713, §5, is further
39 amended to read:

1 **2. Notice of recording.** The recording of the tax-deferred properties under
2 subsection 1 is notice that the bureau claims a lien against those properties in the amount
3 of the deferred taxes ~~plus interest~~ together with any fees paid to the county register of
4 deeds in connection with the recording, release or satisfaction of the lien, even though the
5 amount of taxes, ~~interest~~ or fees is not listed.

6 **Sec. 10. 36 MRSA §6257, sub-§2**, as enacted by PL 1989, c. 534, Pt. C, §1, is
7 amended to read:

8 **2. Accounts maintained.** The bureau shall maintain accounts for each deferred
9 property ~~and shall accrue interest only on the actual amount of taxes advanced to the~~
10 ~~municipality.~~

11 **Sec. 11. 36 MRSA §6258, sub-§1, ¶¶B and D**, as enacted by PL 1989, c. 534,
12 Pt. C, §1, are amended to read:

13 B. Show the total amount of deferred taxes remaining unpaid since initial application
14 for deferral ~~and the interest accruing therein~~ to November 15th of the current year;

15 D. Contain any other information that the bureau considers necessary to facilitate
16 administration of the homestead deferral program including, but not limited to, the
17 right of the taxpayer to submit any amount of money to reduce the total amount of the
18 deferred taxes ~~and interest.~~

19 **Sec. 12. 36 MRSA §6259**, as enacted by PL 1989, c. 534, Pt. C, §1, is amended to
20 read:

21 **§6259. Events requiring payment of deferred tax**

22 Subject to section 6261, all deferred property taxes, ~~including accrued interest,~~
23 become payable as provided in section 6260 when:

24 **1. Death of claimant.** The taxpayer who claimed deferment of collection of
25 property taxes on the homestead dies or, if there was more than one claimant, the survivor
26 of the taxpayers who originally claimed deferment of collection of property taxes under
27 section 6251 dies;

28 **2. Sale of property.** The property with respect to which deferment of collection of
29 taxes is claimed is sold, a contract to sell is entered into, or some person other than the
30 taxpayer who claimed the deferment becomes the owner of the property;

31 **3. Claimant moves.** The tax-deferred property is no longer the homestead of the
32 taxpayer who claimed the deferral, except in the case of a taxpayer required to be absent
33 from that tax-deferred property by reason of health; or

34 **4. Removal of home.** The tax-deferred property, a mobile or floating home, is
35 moved out of the State.

36 **Sec. 13. 36 MRSA §6260, sub-§2**, as amended by PL 1991, c. 846, §38, is
37 further amended to read:

1 **2. Deferred property taxes due.** The amounts of deferred property taxes, ~~including~~
2 ~~accrued interest~~, for all years are due and payable to the bureau April 30th of the year
3 following the calendar year in which the circumstance occurs, except as provided in
4 subsection 3 and section 6261;

5 **Sec. 14. 36 MRSA §6261, sub-§1, ¶A**, as enacted by PL 1989, c. 534, Pt. C, §1,
6 is amended to read:

7 A. The spouse of the taxpayer is or will be ~~65~~ 60 years of age or older not later than
8 6 months from the day the circumstance listed in section 6259, subsections 1 to 3
9 occurs; and

10 **Sec. 15. 36 MRSA §6261, sub-§2**, as enacted by PL 1989, c. 534, Pt. C, §1, is
11 amended to read:

12 **2. Continuation of deferral by spouse.** A spouse who does not meet the age
13 requirements of subsection 1, paragraph A, or the physical disability requirement of
14 section 6251, subsection 1, paragraph A but is otherwise qualified to continue the
15 property in its tax-deferred status under subsection 1 may continue the deferral of
16 property taxes deferred for previous years by filing a claim within the time and in the
17 manner provided under section 6251. If a spouse eligible for and continuing the deferral
18 of taxes previously deferred under this subsection becomes ~~65~~ 60 years of age or meets
19 the physical disability requirement of section 6251, subsection 1, paragraph A prior to
20 April 1st of any year, the spouse may elect to continue the deferral of previous years'
21 taxes deferred under this subsection and may elect to defer the current assessment year's
22 taxes on the homestead by filing a claim within the time and in the manner provided
23 under section 6251. Thereafter, payment of the taxes levied on the homestead and
24 deferred under this subsection and payment of taxes levied on the homestead in the
25 current assessment year and in future years may be deferred in the manner provided in
26 and subject to this chapter.

27 **Sec. 16. 36 MRSA §6262**, as enacted by PL 1989, c. 534, Pt. C, §1, is amended to
28 read:

29 **§6262. Voluntary payment of deferred tax**

30 **1. Payments.** All payments of deferred taxes shall be made to the bureau.

31 **2. Taxes.** Subject to subsection 3, all or part of the deferred taxes ~~and accrued~~
32 ~~interest~~ may at any time be paid to the bureau by:

33 A. The taxpayer or the spouse of the taxpayer; or

34 B. The next of kin of the taxpayer, heir at law of the taxpayer, child of the taxpayer
35 or any person having or claiming a legal or equitable interest in the property.

36 **3. Notice of payment.** A person listed in subsection 2, paragraph B, may make the
37 payments only if no objection is made by the taxpayer within 30 days after the bureau
38 deposits in the mail notice to the taxpayer of the fact that the payment has been tendered.

1 **4. Payment application.** Any payment made under this section ~~shall~~ must be
2 applied ~~first against accrued interest and any remainder~~ against the deferred taxes. This
3 payment does not affect the deferred-tax status of the property. Unless otherwise
4 provided by law, this payment does not give the person paying the taxes any interest in
5 the property or any claim against the estate, in the absence of a valid agreement to the
6 contrary.

7 **5. Lien discharge.** When the deferred taxes ~~and accrued interest~~ are paid in full and
8 the property is no longer subject to deferral, the bureau shall prepare and record in the
9 county in which the property is located a lien discharge.

10 **Sec. 17. 36 MRSA §6263, sub-§1,** as enacted by PL 1989, c. 534, Pt. C, §1, is
11 amended to read:

12 **1. Payment extension.** If the taxpayer who claimed homestead property tax deferral
13 dies, or if a spouse who continued the deferral under section 6261 dies, the bureau may
14 extend the time for payment of the deferred taxes ~~and interest accruing~~ with respect to the
15 taxes becoming due and payable under section 6260, subsection 2, if:

16 A. The homestead property becomes property of an individual or individuals:

17 (1) By inheritance or devise; or

18 (2) If the individual or individuals are heirs or devisees in the course of
19 settlement of the estate;

20 B. An individual or individuals commence occupancy of the property as a principal
21 residence on or before August 15th of the calendar year following the calendar year
22 of death; or

23 C. An individual or individuals make application to the bureau for an extension of
24 time for payment of the deferred taxes ~~and interest~~ prior to August 15th of the
25 calendar year following the calendar year of death.

26 **Sec. 18. 36 MRSA §6263, sub-§3,** as enacted by PL 1989, c. 534, Pt. C, §1, is
27 repealed.

28 **Sec. 19. 36 MRSA §6266, sub-§3,** as enacted by PL 1989, c. 534, Pt. C, §1, is
29 amended to read:

30 **3. Payments credited.** All sums of money received by the bureau under this chapter
31 as repayments of deferred property taxes ~~including the interest accrued under section~~
32 ~~6255, subsection 3, shall~~ must, upon receipt, be credited to the revolving account and
33 ~~shall~~ must be available for the purposes of subsection 1.

34 **Sec. 20. 36 MRSA §6267,** as enacted by PL 1993, c. 707, Pt. G, §10, is repealed.

35 **Sec. 21. Application.** This Act applies to property taxes based on the status of
36 property on or after April 1, 2018.

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SUMMARY

This bill reinstates the State's property tax deferral program, which was in effect for applications filed before April 1, 1991. The bill modifies the program to include households with at least one individual who is 65 years of age or older or who is retired from gainful employment due to disability and to surviving spouses who are at least 60 years of age or who are retired from gainful employment due to disability and provides that household income must be less than \$40,000. This limit is indexed for inflation in 2019 and annually thereafter. The bill also eliminates provisions requiring accrual of interest on deferred property taxes.