

MAINE STATE LEGISLATURE

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129th MAINE LEGISLATURE

FIRST REGULAR SESSION-2019

Legislative Document

No. 751

H.P. 556

House of Representatives, February 11, 2019

**An Act To Reinstate the State Property Tax Deferral Program for
Maine's Senior Homeowners**

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 SKOLFIELD of Weld.
Cosponsored by Senator DAVIS of Piscataquis and
Representatives: ALLEY of Beals, DOLLOFF of Rumford, DUNPHY of Old Town, FAY of
Raymond, HEAD of Bethel, KINNEY of Knox, STANLEY of Medway, TUELL of East
Machias.

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

2 **Sec. 1. 36 MRSA §6250, sub-§3-A** is enacted to read:

3 **3-A. Liquid asset.** "Liquid asset" means something of value available to an
4 individual that can be converted to cash in 3 months or less and includes bank accounts,
5 certificates of deposit, money market or mutual funds, life insurance policies, stocks and
6 bonds, lump-sum payments and inheritances and funds from a home equity conversion
7 mortgage that are in the individual's possession whether they are in cash or have been
8 converted to another form. "Liquid asset" does not include motor vehicles.

9 **Sec. 2. 36 MRSA §6251**, as amended by PL 1993, c. 395, §31, is further amended
10 to read:

11 **§6251. Deferral of tax on homestead; joint election; age requirement; filing claim**

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

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

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

23 C. The individual has liquid assets of less than \$50,000 or, in the case of 2 or more
24 individuals filing a claim jointly, all the individuals together have liquid assets of less
25 than \$75,000; and

26 D. The individual or, in the case of 2 or more individuals filing a claim jointly, all
27 the individuals together qualify for and receive a homestead exemption under chapter
28 105, subchapter 4-B.

29 The municipal assessor shall forward each claim filed under this subsection to the bureau
30 within 30 days of receipt, and the bureau shall determine if the property is eligible for
31 deferral. Claims must be filed on a form approved by the State Tax Assessor and must
32 include all information requested by the State Tax Assessor, including without limitation
33 the claimant's and the claimant's direct heirs' contact information.

34 ~~Claims from new applicants may not be filed pursuant to this chapter prior to January 1,~~
35 ~~1994. For purposes of this section, "new applicants" means any person or persons that~~
36 ~~have not filed claims prior to April 1, 1991.~~

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

- 1 A. Deferring the payment of the property taxes levied on the homestead for the
2 municipal fiscal year beginning on or after April 1st of that year;
- 3 B. Continuing deferral of the payment by the taxpayer of any property taxes deferred
4 under this chapter for previous years that have not become delinquent under section
5 6260; and
- 6 C. Continuing the deferral of the payment by the taxpayer of any future property
7 taxes for as long as the provisions of section 6252 are met.

8 **3. Guardian compliance.** If a guardian or conservator has been appointed for an
9 individual otherwise qualified to obtain deferral of taxes under this chapter, the guardian
10 or conservator may act for that individual in complying with this chapter.

11 **4. Trustee compliance.** ~~If a trustee of an a revocable inter vivos trust which, if~~
12 ~~that trust~~ was created by ~~and is revocable by~~ an individual, who is both the trustor and a
13 beneficiary of the trust and who is otherwise qualified to obtain a deferral of taxes under
14 this chapter, ~~owns the fee simple estate under a recorded instrument of sale,~~ the trustee
15 may act for the individual in complying with this chapter.

16 **5. Spouse not required to claim.** Nothing in this section may be construed to
17 require a spouse of an individual to file a claim jointly with the individual even though
18 the spouse may be eligible to claim the deferral jointly with the individual.

19 **6. Appeal.** Any person aggrieved by the denial of a claim for deferral of homestead
20 property taxes or disqualification from deferral of homestead property taxes may file an
21 appeal of the State Tax Assessor's determination, within 30 days of notification of denial
22 or disqualification by the State Tax Assessor, with the State Board of Property Tax
23 Review as provided in chapter 101, subchapter ~~H-A~~ 2-A. When the State Tax Assessor
24 disagrees with the municipal valuation of a property subject to deferral, the abatement
25 and appeals process under chapter 105, subchapter 8 applies.

26 **Sec. 3. 36 MRSA §6252, sub-§2,** as enacted by PL 1989, c. 534, Pt. C, §1, is
27 amended to read:

28 **2. Fee simple estate.** The ~~person~~ individual claiming the a deferral must, solely or
29 together with the ~~person's~~ individual's spouse, own the fee simple estate or be purchasing
30 the fee simple estate under a recorded instrument of sale, or 2 or more persons must
31 together own or be purchasing the fee simple estate with rights of survivorship under a
32 recorded instrument of sale if all owners live in the homestead and if all owners apply for
33 the deferral jointly.

34 **Sec. 4. 36 MRSA §6252, sub-§4** is enacted to read:

35 **4. No duplicate deferral.** The taxpayer claiming the tax deferral is not receiving a
36 deferral of taxes under chapter 908-A for the same property.

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

1 **§6253. Claim forms; contents**

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

4 A. Describe the homestead;

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

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

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

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

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

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

29 If the deferred tax liability of a property has not been satisfied by the April 30th demand
30 date, the State Tax Assessor shall, within 30 days, record in the registry of deeds in the
31 county where the real estate is located a tax lien certificate signed by the State Tax
32 Assessor or bearing the assessor's facsimile signature, setting forth the total amount of
33 deferred tax liability, a description of the real estate on which the tax was deferred and an
34 allegation that a tax lien is claimed on the real estate to secure payment of the tax, that a
35 demand for payment of the tax has been made in accordance with this section and that the
36 tax remains unpaid.

37 At the time of the recording of the tax lien certificate in the registry of deeds, the State
38 Tax Assessor shall send by certified mail, return receipt requested, to each record holder
39 of a mortgage on the real estate, to the holder's last known address, a true copy of the tax
40 lien certificate. The cost to be paid by the ~~property owner~~ taxpayer, or the ~~owner's~~
41 taxpayer's heirs or devisees, is the sum of the fees for recording and discharging of the

1 lien as established by Title 33, section 751, plus \$13. Upon redemption, the State Tax
2 Assessor shall prepare and record a discharge of the tax lien mortgage. The lien
3 described in section 552 is the basis of this tax lien mortgage procedure.

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

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

11 **Sec. 7. 36 MRSA §6257**, as amended by PL 1991, c. 591, Pt. DD, §1 and c. 622,
12 Pt. CC, §1, is further amended to read:

13 **§6257. Municipal tax collector to receive amount equivalent to deferred taxes from**
14 **State**

15 **1. Payment of deferred taxes.** Within 30 days of the receipt of information from a
16 municipal tax collector concerning the amount of deferred property taxes in the respective
17 municipality, the State Tax Assessor shall certify that amount to the Treasurer of ~~the~~
18 State, who shall make payment to the municipality on or before the 15th day of the
19 following month.

20 ~~**1-A. Prorated payment of deferred taxes.** The State Tax Assessor is authorized to~~
21 ~~prorate payments to municipalities for claims filed pursuant to this chapter if the amount~~
22 ~~available in the Senior Property Tax Deferral Revolving Account established in section~~
23 ~~6266 in any fiscal year is insufficient to make full payments to all municipalities. If the~~
24 ~~applicant for deferred taxes can not pay the difference due to the municipality, the~~
25 ~~municipality that does not receive the full amount of deferred property taxes may cause a~~
26 ~~tax lien certificate to be filed in the county registry of deeds for the amount not received.~~

27 ~~**1-B. Reimbursement to taxpayers.** The State Tax Assessor is authorized to~~
28 ~~reimburse taxpayers who qualified under this chapter and who have paid property taxes~~
29 ~~that would have otherwise been deferred but for the prorating of benefits as allowed in~~
30 ~~subsection 1-A.~~

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

34 **Sec. 8. 36 MRSA §6267**, as enacted by PL 1993, c. 707, Pt. G, §10, is repealed.

35 **Sec. 9. Application.** This Act applies to property tax years beginning on or after
36 April 1, 2020.

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SUMMARY

This bill reinstates the State's elderly property tax deferral program, which until April 1, 1991 provided a mechanism allowing qualifying senior homeowners to defer property tax payments and required the State to pay the property taxes on behalf of the homeowners. This bill modifies the program's eligibility standards by increasing the household income threshold from less than \$32,000 to less than \$40,000 and adding a liquid asset limit. The bill makes the existing abatement and appeal processes available in cases in which the State Tax Assessor disagrees with the municipal assessment of a property eligible for enrollment in the program.