

# MAINE STATE LEGISLATURE

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# 131st MAINE LEGISLATURE

## FIRST REGULAR SESSION-2023

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Legislative Document

No. 1345

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H.P. 859

House of Representatives, March 28, 2023

**An Act to Permit Municipalities to Establish by Ordinance a  
Program for Partial Deferral of Property Taxes for Seniors**

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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 MORIARTY of Cumberland.  
Cosponsored by Senator PIERCE of Cumberland and  
Representatives: ANKELES of Brunswick, BELL of Yarmouth, KUHN of Falmouth,  
O'CONNELL of Brewer.

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

2 **Sec. 1. 36 MRSA §6235** is enacted to read:

3 **§6235. Municipal authority; partial deferral of property taxes for seniors**

4 **1. Definitions.** As used in this section, unless the context otherwise indicates, the  
5 following terms have the following meanings.

6 A. "Deferred property taxes" means the amount of property taxes assessed on an  
7 eligible homestead, the collection of which is deferred by the municipality under a  
8 program.

9 B. "Eligible homestead" means a homestead owned and occupied by an eligible  
10 individual who is eligible for a homestead exemption under chapter 105, subchapter  
11 4-B for the property tax year during which an application for stabilization is made.

12 C. "Federal poverty level" means the nonfarm income official poverty line for a family  
13 of the size involved, as defined by the federal Office of Management and Budget and  
14 revised annually in accordance with the United States Omnibus Budget Reconciliation  
15 Act of 1981.

16 D. "Homestead" has the same meaning as under section 681, subsection 2 and may  
17 include mobile homes if expressly included in a municipal ordinance adopted under  
18 this section.

19 E. "Household income" has the meaning set out in section 6201, subsection 7.

20 F. "Partial property tax deferral" means the deferral of the payment of property taxes  
21 assessed on an eligible homestead in excess of the stabilized taxes assessed on that  
22 eligible homestead.

23 G. "Program" means a stabilization and tax deferral program adopted by a municipality  
24 pursuant to subsection 2.

25 H. "Stabilize" means to set the amount of property tax required to be paid by a taxpayer  
26 on an eligible homestead in the property tax year during which the taxpayer first  
27 qualifies for the program and to maintain that amount each year thereafter.

28 I. "Stabilized taxes" means the amount of property tax to be billed to and due from the  
29 taxpayer on the taxpayer's eligible homestead in each year of the program.

30 J. "Tax-deferred property" means the property upon which taxes are partially deferred  
31 under a program.

32 K. "Taxes" or "property taxes" means ad valorem taxes, assessments, fees and charges  
33 entered on the assessment and tax roll.

34 L. "Taxpayer" means an individual who is responsible for payment of property taxes  
35 and has applied to participate or is currently participating in a program.

36 **2. Authority.** The legislative body of a municipality may by ordinance adopt a  
37 stabilization and partial property tax deferral program to provide benefits to seniors with  
38 homesteads in the municipality. The ordinance must:

39 A. Require that the taxpayer be a permanent resident of the State as defined in section  
40 681, subsection 4;

1 B. Require that the taxpayer have owned and occupied a homestead as a permanent  
2 residence in the municipality for a minimum number of years, either consecutive or  
3 cumulative, prior to application for the program;

4 C. Specify the minimum age that qualifies a taxpayer as a senior as of April 1st  
5 preceding the date of the taxpayer's application for the program; and

6 D. Establish the minimum household income in relation to the federal poverty level for  
7 purposes of eligibility for the program.

8 A program may impose additional standards of eligibility and procedures, as long as those  
9 standards are established by the municipality by ordinance, except that a taxpayer who has  
10 been determined eligible to defer or is deferring property taxes under any other property  
11 tax deferral program administered by the State, including, but not limited to, the programs  
12 set forth in chapters 908 and 908-B, may not be eligible to participate in a program adopted  
13 by a municipality pursuant to this section.

14 **3. Application.** A municipality that adopts a program shall develop an application for  
15 the program and establish a due date for a taxpayer to submit an application. A taxpayer  
16 may apply to the municipality in which the taxpayer's homestead is located requesting that  
17 the municipality stabilize the amount of property tax assessed on that individual's  
18 homestead and defer the payment and collection of property taxes on the homestead in  
19 excess of the stabilized taxes in the subsequent year. A new application is required for  
20 each year for which stabilization is requested, subject to conditions set forth in the  
21 municipal ordinance that adopts the program, which may include a grace period for  
22 reapplication each year or automatic disqualification from the program for failure to file an  
23 application as required by ordinance. The municipality shall determine by ordinance  
24 whether taxpayers may be eligible to participate in the program with a new application  
25 following disqualification.

26 An application, information submitted in support of an application and files and  
27 communications relating to an application for stabilization and partial deferral of property  
28 taxes under the program are confidential. Hearings and proceedings held by a municipality  
29 on an application must be held in executive session unless otherwise requested by the  
30 applicant. Nothing in this paragraph applies to the recording of liens or lists under  
31 subsection 6 or any enforcement proceedings undertaken by the municipality pursuant to  
32 this section or other applicable law.

33 **4. Stabilization and deferral.** If a taxpayer satisfies the eligibility criteria set forth in  
34 the municipal ordinance establishing the program and satisfies the municipal application  
35 criteria, the municipality shall stabilize the amount of property tax assessed on the  
36 taxpayer's homestead as of the most recent April 1st assessment prior to application for the  
37 program. The municipality shall then defer the payment and collection of property tax  
38 assessed on the eligible homestead in excess of the stabilized taxes in subsequent years, as  
39 long as the taxpayer remains eligible for the program as set forth in this section and the  
40 municipal ordinance authorizing the program.

41 The taxpayer must remain responsible for the payment of stabilized taxes to remain eligible  
42 for the program. Notwithstanding the partial deferral of the payment and collection of  
43 property tax in excess of the stabilized taxes under the program, the lien established on the  
44 eligible homestead under section 552 continues for the purpose of protecting the municipal  
45 interest in the eligible homestead. Interest on the amount of deferred property taxes accrues

1 at the rate of 0.5 percentage points above the otherwise applicable rate for delinquent taxes  
2 unless the municipality adopts a lower interest rate by ordinance. In order to preserve the  
3 right to enforce the lien, the municipality must record in the county registry of deeds a list  
4 of properties within the municipality that have become eligible for stabilization and partial  
5 property tax deferral. The list must contain a description of each property as listed in the  
6 municipal valuation together with the name of the taxpayer listed on the valuation. The list  
7 must be updated annually to reflect the addition or deletion of properties, the amount of  
8 deferred taxes accrued for each property and payments received.

9 The municipality shall make available upon request the most recent list of tax-deferred  
10 properties of that municipality required to be filed with the county registry of deeds under  
11 this subsection. The municipality may publish and release as public information statistical  
12 summaries concerning the program as long as the release of the information does not  
13 jeopardize the confidentiality of individually identifiable information.

14 The recording of the properties under this subsection is notice that the municipality claims  
15 a lien against those properties in the amount of the deferred taxes plus interest together with  
16 any fees paid to the county registry of deeds in connection with the recording. For a  
17 property deleted from the list, the recording serves as notice of release or satisfaction of the  
18 lien, even though the amount of taxes, interest or fees is not listed.

19 **5. Events requiring the payment of deferred tax and interest.** Subject to subsection  
20 7, all deferred property taxes and accrued interest must be paid pursuant to subsection 6  
21 when:

22 A. The taxpayer dies;

23 B. Some person other than the taxpayer becomes the owner of the property;

24 C. The tax-deferred property is no longer occupied by the taxpayer as a permanent  
25 residence, except that this paragraph does not apply if the taxpayer is required to be  
26 absent from the eligible homestead for health reasons;

27 D. The tax-deferred property is a mobile home and is moved out of the State, if mobile  
28 homes are identified as eligible homesteads by municipal ordinance adopted under this  
29 section; or

30 E. The taxpayer fails to pay the stabilized taxes in any tax year.

31 **6. Lien.** When it is determined that one of the events set out in subsection 5 has  
32 occurred and that a property is no longer eligible for partial property tax deferral under this  
33 section, the municipality shall send notice by certified mail to the taxpayer, or the taxpayer's  
34 heirs or devisees, listing the total amount of deferred property taxes, including accrued  
35 interest and costs of all the years and establishing a due and payable date. For events listed  
36 in subsection 5, paragraphs A, B, C and E, payment is due within 45 days of the date of the  
37 notice. When the event listed in subsection 5, paragraph D occurs, the total amount of  
38 deferred property taxes is due and payable 5 days before the date of removal of the property  
39 from the State. The municipality shall include in the notice a statement that the lien  
40 enforcement procedures pursuant to chapter 105, subchapter 9 apply. If the deferred  
41 property tax liability of a property has not been satisfied by the date established pursuant  
42 to this subsection, the municipality may enforce the lien according to procedures in chapter  
43 105, subchapter 9.

1 Partial payments accepted during the 18-month redemption period provided for in section  
2 943 may not interrupt or extend the redemption period or in any way affect foreclosure  
3 procedures.

4 **7. Transfer of eligibility.** If one of the events listed in subsection 5 occurs, and the  
5 ownership of the eligible homestead is transferred to another member of the same  
6 household, the transferee may apply to the municipality for continuation of the stabilization  
7 and partial property tax deferral if the transferee meets the conditions of this section and  
8 the municipal ordinance authorizing the program.

9 **8. Repeal of program.** A municipality that has adopted a program may discontinue  
10 it through the same procedure by which the program was adopted except that any property  
11 taxes deferred under the program continue to be deferred under the conditions of the  
12 program on the date it was ended.

13 **SUMMARY**

14 This bill permits municipalities to establish a program by ordinance for seniors that  
15 provides for partial stabilization of property taxes accompanied by deferral of the amount  
16 of taxes due in excess of the stabilized amount. Residents of a municipality that adopts  
17 such a program may not participate in the State's property tax deferral or stabilization  
18 programs.