

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

## **An Act To Provide Property Tax Relief to Senior Citizens**

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

**Sec. 1. 36 MRSA c. 901-A** is enacted to read:

### **CHAPTER 901-A**

### **ELDERLY RESIDENTS PROPERTY TAX DEFERMENT**

#### **§ 6131. Short title**

This chapter may be known and cited as "the Elderly Residents Property Tax Deferment Act."

#### **§ 6132. Municipal property tax deferment program**

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

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

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

B. Pays property taxes to that municipality;

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

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

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

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

B. The date of purchase of the residence; and

C. April 1, 2009.

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

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

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

- A. The taxes due;
- B. The amount of taxes deferred for that tax period;
- C. The cumulative taxes deferred over the course of participation in the program; and
- D. The maximum annual income the participant may have and still remain eligible to participate in the program.

The municipality shall keep a record of these amounts.

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

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

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

- A. The total amount of property taxes deferred on that residence due to participation in the program;
- B. The actual amount of property taxes assessed and the amount actually paid each year during participation in the program;
- C. The current assessment; and
- D. The amount of the additional assessment, if any, imposed for administrative costs pursuant to subsection 7.

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

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

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

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

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

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

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

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

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

## **SUMMARY**

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

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

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