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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SUMMARY

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