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

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

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

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

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

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

Sec. 3. 36 MRSA §6251, sub-§1, as repealed and replaced by PL 1993, c. 395, §31, is amended to read:

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

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

B. The individual or, in the case of 2 or more individuals filing a claim jointly, all the individuals together have household income, as defined in section 6201~~5219~~-KK, subsection 71, paragraph D, of less than ~~\$32,000~~\$40,000 for the calendar year immediately preceding the calendar year in which the claim is filed.

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

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

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

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

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

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

§ 6253.Claim forms; contents

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

- A. Describe the homestead;
- B. ~~Recite facts~~Provide information establishing the eligibility for the deferral under the provisions of this chapter, including ~~facts that establish~~information that establishes that the household income, as defined in section ~~6201-5219-KK~~, subsection ~~71~~, paragraph ~~D~~, of the individual, or, in the case of 2 or more individuals claiming the deferral jointly, ~~of the individuals~~, was less than ~~\$32,000~~\$40,000 for the calendar year immediately preceding the calendar year in which the claim is filed; and
- C. ~~Have attached~~Contain any ~~documentary proof~~information required by the bureau to show that the requirements of section 6252 have been met.

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

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

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

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

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

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

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

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

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

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

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

§ 6255. Listing of tax-deferred property

1. Tax-deferred property list. If eligibility for deferral of homestead property is established as provided in this chapter, the bureau shall notify the municipal assessor and 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.

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

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

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

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

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

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

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

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

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

§ 6259. Events requiring payment of deferred tax

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

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

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

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

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

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

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

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

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

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

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

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

§ 6262. Voluntary payment of deferred tax

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

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

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

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

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

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

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

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

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

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

(1) By inheritance or devise; or

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

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

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

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

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

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

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

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

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.