

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

An Act Regarding Property Tax Relief for Veterans

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

Sec. 1. 36 MRSA §653, sub-§3 is enacted to read:

3. No duplication of exemptions. A person who receives an exemption under this section may not also receive an exemption under section 653-A.

Sec. 2. 36 MRSA §653-A is enacted to read:

§ 653-A. Estates of veterans; enhanced exemptions

This section provides enhanced tax exemptions for the estates of certain veterans. A veteran or a veteran's surviving spouse, minor child or parent who is eligible for an exemption under this section receives the exemption under this section as a substitute for an exemption under section 653.

1. Veterans who served in combat zone. For a veteran who served for 90 or more days in active service and who served in a combat zone as defined in Section 112(c)(2) of the Code, the exemption under this section is equal to the just value, up to \$25,000, of property occupied as the veteran's homestead as defined in section 681, subsection 2.

2. Disabled veterans; 50% to 90% disabled. For veterans with a service-connected disability rated by the United States Department of Defense as 50% to 90%, the exemption under this section is equal to the just value, up to \$50,000, of property occupied as the veteran's homestead as defined in section 681, subsection 2.

3. Disabled veterans; 100% disabled. For veterans with a service-connected disability rated by the United States Department of Defense as 100%, the exemption under this section is equal to the just value, up to \$100,000, of property occupied as the veteran's homestead as defined in section 681, subsection 2.

4. Spouses, minor children and parents. An unremarried surviving spouse, minor child or parent of a deceased veteran who receives a pension or compensation from the Federal Government as the spouse, minor child or parent of the veteran is eligible for an exemption under this section in the same amount as that for which the deceased veteran was eligible for property occupied as the spouse's, minor child's or parent's homestead as defined in section 681, subsection 2.

5. Veteran; definition. The word "veteran" as used in this section has the same meaning as under section 653, subsection 1, paragraph E.

6. Residency required. An exemption may not be granted under this section to a person who is not a resident of this State.

7. Application. Any person eligible for an exemption under this section shall apply in the same manner and subject to the same administrative requirements as under section 653.

8. Reimbursement to municipalities. A municipality granting an exemption under this section is entitled to reimbursement from the State as provided under section 661 for the portion of the exemption under this section that exceeds the exemption applicable under section 653.

9. Fraudulent conveyance. Property conveyed to a person for the purpose of obtaining an exemption from taxation under this section may not be exempt, except property conveyed between spouses. The obtaining of an exemption by means of fraudulent conveyance must be punished by a fine not less than \$100 and not more than 2 times the amount of the taxes evaded by the fraudulent conveyance, whichever amount is greater.

10. No duplication of exemptions. A person is not eligible for a property tax exemption under more than one subsection of this section. A person who receives an exemption under this section may not also receive an exemption under section 653.

11. Calculation of exemption. In determining the local assessed value of an exemption under this section, the assessor shall multiply the amount of the exemption by the ratio of current just value upon which the assessment is based as furnished in the assessor's most recent annual return to the State Tax Assessor under section 383.

12. Cooperative housing corporations. A cooperative housing corporation may receive an exemption under this section to be applied against the valuation of property of the corporation that is occupied by a qualifying shareholder entitled to an exemption under this section calculated in the same manner and subject to the same conditions as under section 653, subsection 2.

13. Effect of joint tenancy or revocable living trust. The exemption provided in this section applies to the property of a veteran, including property held in joint tenancy with that veteran's spouse or held in a revocable living trust for the benefit of that veteran.

SUMMARY

This bill provides enhanced property tax exemptions for certain veterans. A veteran regardless of age becomes eligible for a \$25,000 exemption if the veteran has served at least 90 days of active service and has served in a combat zone. A veteran with a service-connected disability becomes eligible for a \$50,000 exemption if the disability is rated 50% to 90% and a \$100,000 exemption if the disability is rated 100%. A surviving unremarried spouse, minor child or parent who is receiving a pension based on the service of a deceased veteran qualifies for the same exemption the veteran would have been eligible for. A municipality is reimbursed for the constitutionally mandated 50% of the property tax revenue loss as a result of the enhanced exemption.