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Legislative Document

No. 682

H.P. 503

House of Representatives, February 7, 2019

**An Act To Provide Seniors and Certain Persons with Disabilities
Assistance with Property Taxes through the Deferral of Those Taxes**

Reference to the Committee on Taxation suggested and ordered printed.

Handwritten signature of Robert B. Hunt in cursive.

ROBERT B. HUNT
Clerk

Presented by Representative BAILEY of Saco.

Cosponsored by Representatives: COOPER of Yarmouth, DENNO of Cumberland, FAY of Raymond.

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

2 **Sec. 1. 36 MRSA §5403, sub-§§7 and 8**, as enacted by PL 2017, c. 474, Pt. B,
3 §24, are amended to read:

4 **7. Personal exemptions.** Beginning in 2018 and each year thereafter, by the dollar
5 amounts contained in section 5126-A, subsection 1, except that for the purposes of this
6 subsection, notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment"
7 is the Chained Consumer Price Index for the 12-month period ending June 30th of the
8 preceding calendar year divided by the Chained Consumer Price Index for the 12-month
9 period ending June 30, 2017; ~~and~~

10 **8. Personal exemption phase-out.** Beginning in 2018 and each year thereafter, by
11 the dollar amount of the applicable amounts specified in section 5126-A, subsection 2,
12 paragraphs A, B and C, except that for the purposes of this subsection, notwithstanding
13 section 5402, subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer
14 Price Index for the 12-month period ending June 30th of the preceding calendar year
15 divided by the Chained Consumer Price Index for the 12-month period ending June 30,
16 2017; ~~and~~

17 **Sec. 2. 36 MRSA §5403, sub-§9** is enacted to read:

18 **9. Deferral of certain homestead property taxes.** Beginning in 2021 and each year
19 thereafter, by the dollar amounts of the maximum income limitation for deferral of
20 homestead property taxes under section 6251, subsection 1, paragraph B and section
21 6253, subsection 1, paragraph B, except that for the purposes of this subsection,
22 notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the
23 Chained Consumer Price Index for the 12-month period ending June 30th of the
24 preceding calendar year divided by the Chained Consumer Price Index for the 12-month
25 period ending June 30, 2020.

26 **Sec. 3. 36 MRSA §6250, sub-§3-A** is enacted to read:

27 **3-A. Liquid asset.** "Liquid asset" means something of value available to an
28 individual that can be converted to cash in 3 months or less and includes:

29 A. Bank accounts;

30 B. Certificates of deposit;

31 C. Money market and mutual funds;

32 D. Life insurance policies;

33 E. Stocks and bonds;

34 F. Lump-sum payments and inheritances; and

35 G. Funds from a home equity conversion mortgage that are in the individual's
36 possession whether they are cash or have been converted to another form.

1 **Sec. 4. 36 MRSA §6251, sub-§1**, as repealed and replaced by PL 1993, c. 395,
2 §31, is amended to read:

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

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

11 B. The individual or, in the case of 2 or more individuals filing a claim jointly, all the
12 individuals together have ~~household~~ income, as defined in section ~~6201~~ 5219-KK,
13 subsection ~~7~~ 1, paragraph D, of less than ~~\$32,000~~ \$40,000 for the calendar year
14 immediately preceding the calendar year in which the claim is filed; and

15 C. The individual has liquid assets of less than \$50,000 or, in the case of 2 or more
16 individuals filing a claim jointly, all the individuals together have liquid assets of less
17 than \$75,000.

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

21 ~~Claims from new applicants may not be filed pursuant to this chapter prior to January 1,~~
22 ~~1994. For purposes of this section, "new applicants" means any person or persons that~~
23 ~~have not filed claims prior to April 1, 1991.~~

24 **Sec. 5. 36 MRSA §6251, sub-§2**, as enacted by PL 1989, c. 534, Pt. C, §1, is
25 amended to read:

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

29 A. Deferring the payment of the property taxes levied on the homestead for the
30 municipal fiscal year beginning on or after April 1st of that year;

31 B. Continuing deferral of the payment by the taxpayer of any property taxes deferred
32 under this chapter for previous years that have not become delinquent under section
33 6260; and

34 C. Continuing the deferral of the payment by the taxpayer of any future property
35 taxes for as long as the provisions of section 6252 are met.

36 **Sec. 6. 36 MRSA §6252, sub-§4** is enacted to read:

37 **4. No duplicate deferral.** The taxpayer claiming the tax deferral is not receiving a
38 deferral of taxes under chapter 908-A for the same property.

1 **Sec. 7. 36 MRSA §6253**, as enacted by PL 1989, c. 534, Pt. C, §1, is amended to
2 read:

3 **§6253. Claim forms; contents**

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

6 A. Describe the homestead;

7 B. ~~Recite facts~~ Provide information establishing the eligibility for the deferral under
8 the provisions of this chapter, including ~~facts that establish~~ information that
9 establishes that the ~~household~~ income, as defined in section ~~6204~~ 5219-KK,
10 subsection ~~7 1, paragraph D~~, of the individual, or, in the case of 2 or more individuals
11 claiming the deferral jointly, of the individuals, was less than ~~\$32,000~~ \$40,000 for the
12 calendar year immediately preceding the calendar year in which the claim is filed;
13 and

14 C. ~~Have attached~~ Contain any ~~documentary proof~~ information required by the bureau
15 to show that the requirements of section 6252 have been met.

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

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

21 **§6255. Listing of tax-deferred property**

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

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

30 **3. Interest.** Interest ~~shall accrue~~ accrues annually on the actual amount of taxes
31 advanced to the municipality for the tax-deferred property at ~~the a rate of 6% per annum~~
32 that equals the highest prime rate as published in the Wall Street Journal on the first day
33 of September of the preceding calendar year or, if the first day of September falls on a
34 weekend or holiday, on the next succeeding business day, rounded up to the next whole
35 percent and reduced by one percentage point.

36 **Sec. 9. 36 MRSA §6261, sub-§1, ¶A**, as enacted by PL 1989, c. 534, Pt. C, §1, is
37 amended to read:

1 A. The spouse of the taxpayer is or will be ~~65~~ 60 years of age or older not later than
2 6 months from the day the circumstance listed in section 6259, subsections 1 to 3
3 occurs; and

4 **Sec. 10. 36 MRSA §6261, sub-§2**, as enacted by PL 1989, c. 534, Pt. C, §1, is
5 amended to read:

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

21 **Sec. 11. 36 MRSA §6267**, as enacted by PL 1993, c. 707, Pt. G, §10, is repealed.

22 **Sec. 12. 36 MRSA §6271, sub-§2, ¶¶B and C**, as enacted by PL 2009, c. 489,
23 §5, are amended to read:

24 B. The taxpayer is an owner of the eligible homestead, is at least 70 years of age on
25 April 1st of the first year of eligibility and occupies the eligible homestead; ~~and~~

26 C. The household income of the taxpayer does not exceed 300% of the federal
27 poverty level; and

28 **Sec. 13. 36 MRSA §6271, sub-§2, ¶D** is enacted to read:

29 D. The taxpayer claiming the tax deferral is not receiving a deferral of taxes under
30 chapter 908 for the same property.

31 **Sec. 14. Application.** This Act applies to property taxes based on the status of
32 property on or after April 1, 2020.

33 SUMMARY

34 This bill reinstates the State's property tax deferral program, which was in effect for
35 applications filed before April 1, 1991. The bill modifies the program to include
36 households with at least one individual who is 65 years of age or older or who is unable
37 to continue employment due to disability and to surviving spouses who are at least 60
38 years of age or who are unable to continue employment due to disability and provides
39 that income must be less than \$40,000. This income limit is indexed for inflation in 2021

1 and annually thereafter. The bill also changes the rate of accrual of interest on deferred
2 property taxes from 6% to the prime rate published in the Wall Street Journal rounded up
3 to the next whole percent minus one percentage point. The bill adds a maximum liquid
4 asset standard for eligibility of property owners and provides that property may not be
5 subject to deferral under both the state deferral program and a municipal deferral
6 program.