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Legislative Document

No. 1646

S.P. 637

In Senate, December 23, 2013

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

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Received by the Secretary of the Senate on December 23, 2013. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator DUTREMBLE of York.
Cosponsored by Representative GOODE of Bangor and
Senators: BOYLE of Cumberland, JACKSON of Aroostook, VALENTINO of York,
Representatives: BEAVERS of South Berwick, GRANT of Gardiner, KUSIAK of Fairfield.

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

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

3 **2-A. Elderly households.** The municipal officers, or the State Tax Assessor for the
4 unorganized territory, on written application shall abate the real and personal taxes on an
5 elderly household as provided in this subsection.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34 F. If 2 or more individuals claim the same property, the matter must be referred to
35 the State Tax Assessor, whose decision is final. Ownership of a homestead under this
36 subsection may be by fee, by life tenancy, by bond for deed, as mortgagor or by any
37 other possessory interest in which the owner is personally responsible for the tax for
38 which abatement is claimed. Regardless of how many names of individuals appear
39 on the property deed, the individual who meets the qualifications described in
40 paragraph A, subparagraph (1) and proves sole responsibility for the payment of the
41 property taxes on the subject property is the applicant with respect to that property. If
42 2 or more individuals meet the qualifications in paragraph A, subparagraph (1) and
43 share the responsibility for the payment of the property taxes, each individual may

1 apply on the basis of property taxes levied on the homestead that reflect the
2 ownership percentage of the applicant and the applicant's household.

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

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

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

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

22 SUMMARY

23 This bill allows the owner of real property to obtain an abatement from taxes imposed
24 on that property if the owner is at least 65 years of age, is a permanent resident of this
25 State, has household income of no more than \$65,000, has resided in the household for
26 which the abatement is sought for at least 5 years prior to application and has been retired
27 for at least 5 years. The amount of the abatement is equal to the difference between the
28 property taxes imposed on the residence the year of the initial application and the
29 property taxes imposed each year following the year of the initial application. The effect
30 of this bill is to freeze the property taxes for an eligible resident at the amount imposed
31 the year the eligible resident first applied for an abatement. The abatement continues
32 until the person is no longer eligible. The State is required to reimburse a municipality
33 50% of the property tax revenue loss suffered by the municipality due to the abatement.