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TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
129TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT " " to H.P. 503, L.D. 682, Bill, "An Act To Provide Seniors and Certain Persons with Disabilities Assistance with Property Taxes through the Deferral of Those Taxes"

Amend the bill by striking out everything after the enacting clause and inserting the following:

'Sec. 1. 36 MRSA §5219-KK, sub-§1, ¶A-1, as enacted by PL 2017, c. 474, Pt. B, §13, is amended to read:

A-1. For tax years beginning on or after January 1, 2018, "benefit base" means property taxes paid by a resident individual during the tax year on the resident individual's homestead in this State or rent constituting property taxes paid by the resident individual or the bureau pursuant to chapter 908 on behalf of a resident individual during the tax year on a homestead in the State not exceeding the following amounts:

- (1) For persons filing as single individuals, \$2,050;
(2) For persons filing as heads of households that can claim the federal child tax credit pursuant to the Code, Section 24 for no more than one qualifying child or dependent or for persons filing joint returns, \$2,650; and
(3) For persons filing as heads of households that can claim the federal child tax credit pursuant to the Code, Section 24 for more than one qualifying child or dependent or for persons filing joint returns that can claim the federal child tax credit pursuant to the Code, Section 24 for at least one qualifying child or dependent, \$3,250.

Sec. 2. 36 MRSA §6250, sub-§3, as enacted by PL 1989, c. 534, Pt. C, §1, is amended to read:

3. Homestead. "Homestead" means the owner-occupied principal dwelling, either real or personal property, owned by the taxpayer and up to 10 contiguous acres upon which it is located. If the homestead is located in a multi-unit building, the homestead is

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1 the portion of the building actually used as the principal dwelling and its percentage of  
2 the value of the common elements and of the value of the tax lot upon which it is built.  
3 The percentage is the value of the unit consisting of the homestead compared to the total  
4 value of the building exclusive of the common elements, if any. "Homestead" includes  
5 the taxpayer-occupied principal dwelling and up to 10 contiguous acres upon which it is  
6 located that is held in a revocable living trust for the benefit of the taxpayer.  
7 "Homestead" does not include an owner-occupied principal dwelling located on land not  
8 owned by the taxpayer.

9 **Sec. 3. 36 MRSA §6250, sub-§§3-A and 3-B** are enacted to read:

10 **3-A. Liquid asset.** "Liquid asset" means something of value available to an  
11 individual that can be converted to cash in 3 months or less and includes:

12 A. Bank accounts;

13 B. Certificates of deposit;

14 C. Money market and mutual funds;

15 D. Life insurance policies;

16 E. Stocks and bonds; and

17 F. Lump-sum payments and inheritances.

18 **3-B. Municipality.** "Municipality" means a city, town, plantation or location in the  
19 unorganized territory.

20 **Sec. 4. 36 MRSA §6251**, as amended by PL 1993, c. 395, §31, is further amended  
21 to read:

22 **§6251. Deferral of tax on homestead; joint election; age requirement; filing claim**

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

27 A. The ~~individual or each individual, in the case of 2 or more individuals taxpayer~~  
28 filing a claim ~~jointly~~, is 65 years of age or older ~~or is unable to continue employment~~  
29 by reason of physical disability on April 1st of the year in which the claim is filed;  
30 and

31 B. The ~~individual or, in the case of 2 or more individuals filing a claim jointly, all the~~  
32 individuals ~~together have taxpayer has~~ household income, as defined in section ~~6201-~~  
33 ~~5219-KK, subsection 7 1, paragraph D,~~ of less than ~~\$32,000~~ \$40,000 for the calendar  
34 year immediately preceding the calendar year in which the claim is filed.;

35 C. The taxpayer, if an individual, has liquid assets of less than \$50,000 or, in the case  
36 of 2 or more individuals filing a claim jointly, all the individuals together have liquid  
37 assets of less than \$75,000; and

38 D. The taxpayer's homestead receives a homestead exemption under chapter 105,  
39 subchapter 4-B.

1 The municipal assessor shall forward each claim filed under this subsection to the bureau  
2 within 30 days of receipt and the bureau shall determine if the property is eligible for  
3 deferral. Claims must be filed on a form approved by the State Tax Assessor and must  
4 include all information requested by the State Tax Assessor, including without limitation  
5 the taxpayer's and the taxpayer's direct heirs' contact information. Income and liquid  
6 assets of all individual owners of a homestead must be included in an application for  
7 deferral.

8 ~~Claims from new applicants may not be filed pursuant to this chapter prior to January 1,~~  
9 ~~1994. For purposes of this section, "new applicants" means any person or persons that~~  
10 ~~have not filed claims prior to April 1, 1991.~~

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

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

16 B. Continuing deferral of the payment by the taxpayer of any property taxes deferred  
17 under this chapter for previous years that have not become delinquent under section  
18 6260; and

19 C. Continuing the deferral of the payment by the taxpayer of any future property  
20 taxes for as long as the provisions of section 6252 are met or the taxpayer withdraws  
21 from the deferral of future property taxes under this chapter by notifying the bureau  
22 as provided in section 6258.

23 **3. Guardian compliance.** ~~If a guardian or conservator or agent under a power of~~  
24 attorney or pursuant to a protective arrangement or any other lawful order has been  
25 appointed for an individual a taxpayer otherwise qualified to obtain deferral of taxes  
26 under this chapter, the guardian or conservator or agent may act for that individual  
27 taxpayer in complying with this chapter.

28 **4. Trustee compliance.** ~~If a trustee of an a revocable inter vivos trust which, if~~  
29 that trust was created by and is revocable by an individual, a taxpayer who is both the  
30 trustor and a beneficiary of the trust and who is otherwise qualified to obtain a deferral of  
31 taxes under this chapter, owns the fee simple estate under a recorded instrument of sale,  
32 the trustee may act for the individual taxpayer in complying with this chapter.

33 ~~**5. Spouse not required to claim.** Nothing in this section may be construed to~~  
34 ~~require a spouse of an individual to file a claim jointly with the individual even though~~  
35 ~~the spouse may be eligible to claim the deferral jointly with the individual.~~

36 **6. Appeal.** ~~Any person taxpayer aggrieved by the denial of a claim for deferral of~~  
37 homestead property taxes or disqualification from deferral of homestead property taxes  
38 may file an appeal of the State Tax Assessor's determination, within 30 days of  
39 notification of denial or disqualification by the State Tax Assessor, with the State Board  
40 of Property Tax Review as provided in chapter 101, subchapter H-A 2-A. When the State  
41 Tax Assessor disagrees with the municipal valuation of a property subject to deferral, the  
42 abatement and appeals process under chapter 105, subchapter 8 applies.

1           **Sec. 5. 36 MRSA §6252, sub-§2**, as enacted by PL 1989, c. 534, Pt. C, §1, is  
2 amended to read:

3           **2. Fee simple estate.** The ~~person~~ individual claiming the a deferral must, solely or  
4 together with the ~~person's~~ individual's spouse, own the fee simple estate or be purchasing  
5 the fee simple estate under a recorded instrument of sale, or 2 or more ~~persons~~ individuals  
6 must together own or be purchasing the fee simple estate with rights of survivorship  
7 under a recorded instrument of sale if all owners live in the homestead ~~and if all owners~~  
8 ~~apply for the deferral jointly.~~

9           **Sec. 6. 36 MRSA §6252, sub-§§4 and 5** are enacted to read:

10           **4. Not duplicate deferral.** The property is not receiving a deferral of taxes under  
11 chapter 908-A.

12           **5. Municipal lien.** The property does not have an existing municipal lien against it.

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

15           **§6253. Claim forms; contents**

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

18           A. Describe the homestead;

19           B. ~~Recite facts~~ Provide information establishing the eligibility for the deferral under  
20 ~~the provisions of this chapter, including facts~~ information that ~~establish~~ establishes  
21 ~~that the household liquid assets and the income, as defined in section 6201-5219-KK,~~  
22 ~~subsection 7 1, paragraph D, of the individual, or, in the case of 2 or more individuals~~  
23 ~~claiming the deferral jointly, was are~~ less than \$32,000 the limits set by section 6251,  
24 subsection 1 for the calendar year immediately preceding the calendar year in which  
25 the claim is filed; and

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

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

31           **Sec. 8. 36 MRSA §6254, sub-§1**, as amended by PL 2007, c. 695, Pt. A, §45, is  
32 further amended to read:

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

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

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

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

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

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

27 **Sec. 9. 36 MRSA §6254, sub-§4** is enacted to read:

28 **4. Dangerous buildings.** The State Tax Assessor may request that municipal  
29 officers in the case of a municipality or the county commissioners in the case of the  
30 unorganized territory in their county investigate any homestead subject to deferral and  
31 make determinations whether the homestead is a dangerous building pursuant to Title 17,  
32 chapter 91, subchapter 4. If eligible expenses pursuant to Title 17, section 2853 are  
33 incurred by a municipality or the county in the case of the unorganized territory, the State  
34 Tax Assessor shall reimburse those eligible expenses from funds in the Senior Property  
35 Tax Deferral Revolving Account under section 6266.

36 **Sec. 10. 36 MRSA §6255, sub-§3**, as enacted by PL 1989, c. 534, Pt. C, §1, is  
37 amended to read:

38 **3. Interest.** Interest ~~shall accrue~~ accrues on the actual amount of taxes advanced to  
39 the municipality for the tax-deferred property ~~at the rate of 6% per annum~~ pursuant to  
40 section 186.

41 **Sec. 11. 36 MRSA §6257**, as amended by PL 1991, c. 528, Pt. DD, §1 and  
42 affected by Pt. RRR and amended by c. 591, Pt. DD, §1 and c. 622, Pt. CC, §1, is further  
43 amended to read:

1       **§6257. Municipal tax collector to receive amount equivalent to deferred taxes from**  
2                                   **State**

3               **1. Payment of deferred taxes.** Within 30 days of the receipt of information from a  
4 municipal tax collector concerning the amount of deferred property taxes in the respective  
5 municipality, the State Tax Assessor shall certify that amount to the Treasurer of the State  
6 who shall make payment to the municipality on or before the 15th day of the following  
7 month.

8               ~~**1-A. Prorated payment of deferred taxes.** The State Tax Assessor is authorized to~~  
9 ~~prorate payments to municipalities for claims filed pursuant to this chapter if the amount~~  
10 ~~available in the Senior Property Tax Deferral Revolving Account established in section~~  
11 ~~6266 in any fiscal year is insufficient to make full payments to all municipalities. If the~~  
12 ~~applicant for deferred taxes can not pay the difference due to the municipality, the~~  
13 ~~municipality that does not receive the full amount of deferred property taxes may cause a~~  
14 ~~tax lien certificate to be filed in the county registry of deeds for the amount not received.~~

15               ~~**1-B. Reimbursement to taxpayers.** The State Tax Assessor is authorized to~~  
16 ~~reimburse taxpayers who qualified under this chapter and who have paid property taxes~~  
17 ~~that would have otherwise been deferred but for the prorating of benefits as allowed in~~  
18 ~~subsection 1-A.~~

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

22               **Sec. 12. 36 MRSA §6258, sub-§1, ¶D,** as enacted by PL 1989, c. 534, Pt. C, §1,  
23 is amended to read:

24               D. Contain any other information that the bureau considers necessary to facilitate  
25 administration of the homestead deferral program including, but not limited to, the  
26 right of the taxpayer to submit any amount of money to reduce the total amount of the  
27 deferred taxes and interest and the right of the taxpayer to withdraw from the deferral  
28 of future taxes by notifying the bureau by any method that the bureau may prescribe.

29               **Sec. 13. 36 MRSA §6261, sub-§2,** as enacted by PL 1989, c. 534, Pt. C, §1, is  
30 amended to read:

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

1 current assessment year and in future years may be deferred in the manner provided in  
2 and subject to this chapter.

3 **Sec. 14. 36 MRSA §6262, sub-§§2 and 3**, as enacted by PL 1989, c. 534, Pt. C,  
4 §1, are amended to read:

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

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

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

10 C. Any other person or organization making a payment as a gift to the taxpayer.

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

14 **Sec. 15. 36 MRSA §6266, sub-§1**, as enacted by PL 1989, c. 534, Pt. C, §1, is  
15 amended to read:

16 **1. Revolving account.** This section establishes in the State Treasury the Senior  
17 Property Tax Deferral Revolving Account to be used by the bureau for the purpose of  
18 making the payments to municipal tax collectors of property taxes deferred for tax years  
19 beginning on or after April 1, 1990, as required by section 6257, and payments as  
20 required under section 6254, subsection 4.

21 **Sec. 16. 36 MRSA §6267**, as enacted by PL 1993, c. 707, Pt. G, §10, is repealed.

22 **Sec. 17. Application.** This Act applies to property taxes based on the status of  
23 property on or after April 1, 2020.

24 **Sec. 18. Appropriations and allocations.** The following appropriations and  
25 allocations are made.

26 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

27 **Elderly Tax Deferral Program 0650**

28 Initiative: Provides funding to make payments to municipalities under the property tax  
29 deferral program.

30	<b>GENERAL FUND</b>	<b>2019-20</b>	<b>2020-21</b>
31	All Other	\$0	\$1,100,000
32			
33	GENERAL FUND TOTAL	<u>\$0</u>	<u>\$1,100,000</u>

34 **Elderly Tax Deferral Program 0650**

35 Initiative: Provides funding for one Principal Property Appraiser position and related  
36 costs to review and approve applications, audit applications and track continued  
37 eligibility.

1	<b>GENERAL FUND</b>	<b>2019-20</b>	<b>2020-21</b>
2	POSITIONS - LEGISLATIVE COUNT	0.000	1.000
3	Personal Services	\$0	\$51,012
4	All Other	\$0	\$113,092
5			
6	GENERAL FUND TOTAL	<u>\$0</u>	<u>\$164,104</u>

7	<b>ADMINISTRATIVE AND FINANCIAL</b>		
8	<b>SERVICES, DEPARTMENT OF</b>		
9	<b>DEPARTMENT TOTALS</b>	<b>2019-20</b>	<b>2020-21</b>
10			
11	GENERAL FUND	\$0	\$1,264,104
12			
13	DEPARTMENT TOTAL - ALL FUNDS	<u>\$0</u>	<u>\$1,264,104</u>
14			

**SUMMARY**

This amendment makes changes to clarify provisions of the State's property tax deferral program and to facilitate the administration of the deferral of property taxes for seniors and certain persons with disabilities, including expanding the authority of guardians to include an agent under a power of attorney or pursuant to a protective arrangement or any other lawful order. The amendment adds an appropriations and allocations section.

**FISCAL NOTE REQUIRED**

**(See attached)**