



# HOUSE OF REPRESENTATIVES

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April 12, 2023

*Testimony of Rep. Stephen Moriarty presenting*  
**LD 1345, An Act to Permit Municipalities to Establish by Ordinance a Program for Partial Deferral of Property Taxes for Seniors.**  
*Before the Joint Standing Committee on Taxation*

Senator Grohoski, Representative Perry and distinguished members of the Taxation Committee, my name is Steve Moriarty and I represent House District 110m, which includes the communities of Cumberland, Chebeague Island and Long Island. I appear before you this afternoon to present LD 1345, An Act to Permit Municipalities to Establish by Ordinance a Program for Partial Deferral of Property Taxes for Seniors.

I know that you are deeply involved in examining the impact and costs of LD 290, enacted late in the 130th Legislature, and I will not take your time to review that legislation's provisions. Instead, on behalf of my hometown of Cumberland, I offer an alternative approach for your consideration. The following is a summary of the bill's key features in condensed form.

1. **Local option:** LD 1345 does not establish a state-wide mandate. On the contrary, it allows but does not require cities and towns at their option to adopt an ordinance establishing a program of partial property tax deferral for seniors.
2. **Qualifications:** While the bill requires that qualifying seniors must be permanent residents of the State, matters such as the duration of occupation of the permanent residence, the applicable minimum age, and the minimum household income for participation (in relation to the federal poverty level) are left to local determination. In fact, all standards of eligibility are to be established locally.
3. **Stabilization:** For those who qualify, property taxes are to be stabilized at the current level and are not to be changed, subject to an annual application. The stabilized amount must continue to be paid every year indefinitely; failure to pay the stabilized tax disqualifies the homeowner from further eligibility. The stabilized amount is not transferable to another community.
4. **Deferral:** Payment of taxes in excess of the stabilized amount is deferred until the owner's death, sale of the property or non-occupation as a permanent residence. A lien is created for the deferred amount and continues as the amount grows. Note that if, upon death, ownership is transferred to another member of the same household, such as a surviving spouse, eligibility for stabilization continues.

5. Collection of deferred amount: Upon the occurrence of any one of the events mentioned above, the lien for the total deferred amount becomes due and payable. Interest on the deferred amount will be charged at a rate of .5% above the municipality's established rate for delinquent taxes. Payment is due within 45 days of notification from the municipality of the total deferred amount plus interest.
6. Comparable program: Participation in a comparable tax deferral program disqualifies a taxpayer from participating in the program established by local ordinance.
7. State reimbursement: The State would owe no reimbursement to cities and towns which choose to create a deferral program by ordinance.

I hope you will seriously consider the benefits of the proposed local-option partial property tax deferral proposal. I would be happy to answer any questions or provide you with any information you need in an upcoming work session.