

LD 897

Sponsor - proposed amendment

4/7/21

Summary: This bill allows municipalities to set below-market interest rates for senior citizen property tax deferral programs.

§6271. Municipal authority

1. Definitions. As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

- A. "Eligible homestead" means the owner-occupied principal dwelling, either real or personal property, owned by a taxpayer and the land upon which it is located. If the dwelling is located in a multiunit building, the eligible homestead is the portion of the building actually used as the principal dwelling and its percentage of the value of the common elements and of the value of the tax lot upon which it is built. The percentage is the value of the dwelling compared to the total value of the building exclusive of the common elements, if any. [PL 2009, c. 489, §5 (NEW).]
- B. "Federal poverty level" means the nonfarm income official poverty line for a family of the size involved, as defined by the federal Office of Management and Budget and revised annually in accordance with the United States Omnibus Budget Reconciliation Act of 1981, Section 673, Subsection 2. [PL 2009, c. 489, §5 (NEW).]
- C. "Household income" has the meaning set out in section 6201, subsection 7. [PL 2009, c. 489, §5 (NEW).]
- D. "Program" means a tax deferral program adopted by a municipality pursuant to subsection 2. [PL 2009, c. 489, §5 (NEW).]
- E. "Tax-deferred property" means the property upon which taxes are deferred under this chapter. [PL 2009, c. 489, §5 (NEW).]

F. "Taxes" or "property taxes" means ad valorem taxes, assessments, fees and charges entered on the assessment and tax roll. [PL 2009, c. 489, §5 (NEW).]

G. "Taxpayer" means an individual who is responsible for payment of property taxes and has applied to participate or is currently participating in the program under this chapter. [PL 2009, c. 489, §5 (NEW).]

2. Authority. The legislative body of a municipality may by ordinance adopt a property tax deferral program for senior citizens, referred to in this section as "the program." Upon application by a taxpayer, a municipality may defer property taxes on property if the following conditions are met:

A. The property is an eligible homestead where the taxpayer has resided for at least 10 years prior to application; [PL 2009, c. 489, §5 (NEW).]

B. The taxpayer is an owner of the eligible homestead, is at least 70 years of age on April 1st of the first year of eligibility and occupies the eligible homestead; and [PL 2009, c. 489, §5 (NEW).]

C. The household income of the taxpayer does not exceed 300% of the federal poverty level. [PL 2009, c. 489, §5 (NEW).]

An application, information submitted in support of an application and files and communications relating to an application for deferral of taxes under the program are confidential. Hearings and proceedings held by a municipality on an application must be held in executive session unless otherwise requested by the applicant. Nothing in this paragraph applies to the recording of liens or lists under subsection 3 or any enforcement proceedings undertaken by the municipality pursuant to this chapter or other applicable law.

The municipality shall make available upon request the most recent list of tax-deferred properties of that municipality required to be filed under subsection 3. The municipality may publish and release as public information statistical summaries concerning the program as long as the release of the information does not jeopardize the confidentiality of individually identifiable information.

[PL 2009, c. 489, §5 (NEW).]

3. Effect of deferral. If property taxes are deferred under the program, the lien established on the eligible homestead under section 552 continues for the purpose of protecting the municipal interest in the tax-deferred property. Interest on the deferred taxes accrues at the rate of 0.5 percentage points above the otherwise applicable rate for delinquent taxes. The municipality may offer a lower interest rate. In order to preserve the right to enforce the lien, the municipality shall record in the county registry of deeds a list of the tax-deferred properties of that municipality. The list must contain a description of each tax-deferred property as listed in the municipal valuation together with the name of the taxpayer listed on the valuation. The list must be updated annually to reflect the addition or deletion of tax-deferred properties, the amount of deferred taxes accrued for each property and payments received.

The recording of the tax-deferred properties under this subsection is notice that the municipality claims a lien against those properties in the amount of the deferred taxes plus interest together with any fees paid to the county registry of deeds in connection with the recording. For a property deleted from the list, the recording serves as notice of release or satisfaction of the lien, even though the amount of taxes, interest or fees is not listed.

[PL 2017, c. 170, Pt. B, §10 (AMD).]

4. Notice. The State Tax Assessor shall prepare a one-page notice of the effect of the deferral of property taxes under this section, of the right of the municipality to file a tax lien mortgage pursuant to chapter 105 and that the deferred taxes become due and payable as established in subsection 5. This notice must have a readability score, as determined by a recognized instrument for measuring adult literacy levels, equivalent to no higher than a 6th grade reading level. A municipality that adopts the program shall provide a copy of this notice to each taxpayer applying to the program at the time of application and shall also annually provide to each taxpayer in the program, in lieu of a property tax bill, a copy of this notice together with an accounting of taxes deferred and interest accrued.

[PL 2009, c. 489, §5 (NEW).]

5. Lien. When it is determined that one of the events set out in subsection 6 has occurred and that a property is no longer eligible for property tax deferral under this chapter, the municipality shall send notice by certified mail to the taxpayer, or the taxpayer's heirs or devisees, listing the total amount of deferred property taxes, including accrued interest and costs of all the years and establishing a due and payable date. For events listed in subsection 6, paragraphs A, B and C, payment is due within 45 days of the date of the notice. When the event listed in subsection 6, paragraph D occurs, the total amount of deferred taxes is due and payable 5 days before the date of removal of the property from the State. The municipality shall include in the notice a statement that the lien enforcement procedures pursuant to chapter 105, subchapter 9 apply.

If the deferred tax liability of a property has not been satisfied by the date established pursuant to this subsection, the municipality may enforce the lien according to procedures in chapter 105, subchapter 9.

Partial payments accepted during the 18-month redemption period provided for in section 943 may not interrupt or extend the redemption period or in any way affect foreclosure procedures.
[PL 2009, c. 489, §5 (NEW).]

6. Events requiring the payment of deferred tax and interest. Subject to subsection 7, all deferred taxes and accrued interest must be paid pursuant to subsection 5 when:

A. The taxpayer dies; [PL 2009, c. 489, §5 (NEW).]

B. Some person other than the taxpayer becomes the owner of the property; [PL 2009, c. 489, §5 (NEW).]

C. The tax-deferred property is no longer occupied by the taxpayer as a principal residence, except that this paragraph does not apply if the taxpayer is required to be absent from the eligible homestead for health reasons; or [PL 2009, c. 489, §5 (NEW).]

D. The tax-deferred property, a mobile home, is moved out of the State. [PL 2009, c. 489, §5 (NEW).]

[PL 2009, c. 489, §5 (NEW).]

7. Election to continue deferral. If one of the events listed in subsection 6 occurs, and the ownership of the eligible homestead is transferred to another member of the same household, the transferee may apply to the municipality for continuation of the deferral of taxes if the transferee meets the conditions in subsection 2, paragraphs B and C.
[PL 2009, c. 489, §5 (NEW).]

8. Repeal of program. A municipality that has adopted the program under this section may discontinue it through the same procedure by which the program was adopted; however, any taxes deferred under the program continue to be deferred under the conditions of the program on the date it was ended.
[PL 2009, c. 489, §5 (NEW).]

SECTION HISTORY

PL 2009, c. 489, §5 (NEW). PL 2017, c. 170, Pt. B, §10 (AMD).

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