

Tax Stabilization Program for Senior Citizens Title 36 MRSA Chapter 908-B Fact Sheet (LD 290)

WHAT WE KNOW SO FAR....

Eligibility:

- Must have established a “Homestead” eligible residency in the State of Maine for at least the past 10 years.
- Must be at least 65 years of age or older as of December 1, 2022
- Must apply annually to the town in which residency is established on or before December 1.

Benefit:

Applicants who apply for and qualify for the program on or before December 1, annually, will be eligible to have their property tax obligation stabilized (frozen) in the next fiscal year at the amount billed the previous year. (billed in 2022; stabilized for 2023)

In the event that the qualifying applicant’s tax bill increases, their tax bill will be stabilized (frozen) and the State Treasurer will reimburse the Town for the lost tax revenue resulting from the program.

Example 1: A retired individual has lived in Maine for 14 years and has owned a home and resided in it during that time. In October of 2022, this individual celebrates their 65th birthday, applies for, and qualifies to “stabilize” their tax bill. The tax bill for the tax year of July 1, 2022 through June 30, 2023 is \$4,224.63, which they are required to pay in full.

This individual’s tax bill for the next year (2023/2024 fiscal year) increases to \$5,224.63. Because she applied for and qualified for this program, she is responsible for the same dollar amount payment of \$4,224.63 and the State of Maine will pay the residual \$1,000.00 to the municipality around the middle of January 2024. The municipality is required to file for reimbursement with the State no later than November 1 each year.

Example 2: During the fall of 2023, this same individual moves to a new town in Maine, claiming residency at their new homestead eligible property. This individual again applies and qualifies for the Tax Stabilization Program in this new town. This new town has a lot more programs to offer and therefore the mil rate is much higher. In addition, our individual upgraded to a better quality home. The tax billing for this new home in a new town is 7,692.63.

Even though our qualifying applicant moved to a nicer town and into a nicer home, she will pay no more than \$4,224.63 in taxes in the tax year that begins July 1, 2024 and ends June 30, 2025 and the State will pay the residual \$3,468.00.

Frequently Asked Questions

Does the program consider income or assets in the eligibility review?

No.

Does the program apply for summer homes or second homes?

No. A person can have only one Homestead location and it must be occupied by the applicant as his/her permanent residence within the State of Maine.

If the Homestead is owned jointly, do both applicants have to be age 65 or older?

No.

Can the property qualify if the property is owned by a revocable living trust for the benefit of the applicant and occupied by the applicant as his/her permanent residence?

Yes.

Can the property qualify if it is owned by a cooperative housing trust and occupied by the applicant as his/her permanent residence?

Yes. If the applicant is a qualifying shareholder of that cooperative housing trust, it qualifies.

Will the stabilized tax amount be adjusted up if the property is remodeled, improved or expanded in some way?

It appears that the answer is “no”, but we do not know yet.

Will the stabilized tax amount be adjusted down if the tax rate or tax assessment is lowered for any reason?

We do not know yet. The law does not address this specifically and the County anticipates that Maine Revenue Services will issue guidance in the coming weeks. The intent of the program is to cap the tax obligation at the stabilized rate.

If the applicant moves to a new home anywhere in Maine and establishes a new homestead residency will the tax stabilization amount be transferable to the new property?

Yes. However, the applicant must request the transfer. It is not automatic.

If the applicant neglects to or forgets to apply by December 1 of any year, can he/she get re-established in the program?

Yes. However, it will have to be in the following year and the new stabilized amount will be based on the full tax obligation for the year missed.

When will application forms be available for filing so I can meet the December 1, 2022 first filing deadline?

We do not know yet. Soon, we hope. Please check back frequently and we will post additional information and guidance once Maine Revenue Services issue it.