



Legislation Text

File #: CD 17-203, **Version:** 1

Elderly Property Tax Assistance Program.

In 2005 a law was enacted that enabled cities and towns to adopt property tax relief programs for residents at least 62 years of age. Property taxes can place a disproportionate burden on older residents and homeowners seeking to age in place, maintaining their homes, and contributing to the community.

Among the values expressed in the town's strategic plan and new comprehensive master plan is seeking ways to foster diversity (in age, as well as other ways) and maintain the fabric of the community. One way to do that while meeting the needs of a growing and changing community - with the investments and costs that come with meeting those needs - is to provide some relief from property taxes.

Two communities that have enacted elderly property tax assistance programs are Cumberland and Scarborough. Documents relating to their programs are attached, but the following is a summary of key program elements:

Statute (36 M.R.S.A. §6232):

- May adopt property tax assistance programs to benefit those with homesteads in the community,
- May restrict programs to persons at least 62 years of age,
- Program must require persons benefiting to have a homestead in the community,
- Program must provide benefits for both owners and renters of homesteads, and
- Program must provide greater benefit to those of lower income relative to property taxes.

Cumberland program:

- Must be at least 67 years of age to be eligible,
- Must have a homestead at the time of application and for at least one (1) year prior to application,
- Must have been a resident for at least ten (10) years prior to application,
- Maximum property tax amount considered for partial rebate is \$3,350,
- Maximum amount of rebate, based on income, is \$750, and
- Property taxes must be paid (or rent including property taxes, assumed to be 15% of rent) to be eligible for any refund.
- According to Cumberland town manager Bill Shane the town has tried to fund the program at \$100,000 per year (though actual funding may vary)

Scarborough program:

- Must be at least 62 years of age at the time of application
- Must have been a resident with a homestead for at least ten (10) years at the time of application,
- Applicant's federal adjusted gross income (AGI) must not exceed \$50,000,
- Program benefit limited to that portion of property taxes in excess of 5% of AGI (or less, on a proportional basis of all applications to available funding)
- For renters, property taxes are assumed to be 18% of rent, and
- Maximum program benefit is \$500.

The age of eligibility, income threshold, and benefit amount (as well as the total amount of benefits to be paid out in any one year) can all be established by ordinance and the annual budget.

To the extent future excess revenues would be available, such as revenue sharing as it is restore, or excise taxes, it seems the Council could choose to set aside some amount of unassigned fund balance aside for a property tax relief program. The Council's fund balance policy provides that "any portion of the *unassigned fund balance* above the target may be used to fund the capital needs of the community or reduce property taxes in any subsequent year as deemed appropriate by the Town Council.