The State Property Tax Deferral Program:
2024 Guide for Applicants

What is it?

The State Property Tax Deferral Program (the "Program") allows certain individuals to defer (postpone) payment of the property taxes on their primary residence until they pass away, move, or sell the property. While the individual is in the Program, the State reimburses the municipality for the deferred taxes.

The deferred tax, plus interest, must be repaid to the State by the individual or their estate when they pass away, move, sell the property, or (if a mobile or floating home) move the property out of Maine.

Who qualifies?

To be eligible for the Program, you must either be:

1) at least 65-years old;

   or

2) unable to work due to a permanent disability.

To qualify under the disability group, you must have been determined by a state or federal agency to have a permanent and total condition that prevents you from being employed. In the case of joint owners, only one must meet the age/disability criteria. For more information on who may qualify under the disability group, see Maine Revenue Services ("MRS") Rule 211 at https://www.maine.gov/revenue/publications/rules.

In addition to the age/disability criteria, you must also meet certain other guidelines, listed here:

Income. Your income during the previous calendar year must be less than $80,000. If your property is owned by more than one person, the total income of all owners must be less than $80,000. Income includes, but is not limited to, wages, pension income, and social security income. Please see the State Property Tax Deferral Application for specific instructions on how to determine your income.

Assets. Your liquid assets must be less than $100,000 (less than $150,000 if more than one owner). Liquid assets are things that you own and can be turned into cash in a short period of time. This includes assets such as bank accounts but does not include your house or car. Qualified retirement accounts, such as an IRA or 401(k), are not considered liquid assets for purposes of this Program. Please see the State Property Tax Deferral Application for specific instructions on how to determine your assets.

Homestead exemption. You must be receiving a homestead exemption on your home. The homestead exemption is limited to the primary residence of applicants who live in Maine permanently. Your property tax bill will usually show whether you have a homestead exemption. If you are unsure, or believe you may be eligible for this exemption, contact your local assessor.

Own your home. You must own your home in what is known as "fee simple." This generally means that you own all the rights to your home and there is nothing that would prevent you from selling the property without anyone else's permission. If you are unsure, check your deed or ask a real estate professional.

No municipal lien. You must not have a municipal lien on your home. Municipal liens are usually placed on properties for unpaid property taxes. However, if you owe no more than two years of delinquent property taxes and have outstanding municipal liens associated with those taxes, you may still qualify for the Program. If you are unsure if there is a municipal lien against your home, or what tax year your municipal lien may be based on, contact your local municipality.

No current municipal deferral. You must not currently be in another program where your municipality is deferring your property taxes. There are only a few municipalities in Maine that offer these types of programs, and you would have had to apply. If you are unsure if you are participating in a municipal deferral program, contact your local municipality.

No current federal prohibition. In most circumstances, you may still qualify for the Program even if you have a mortgage on your home. However, under federal rules, certain reverse mortgages backed by the Department of Housing and Urban Development ("HUD") are disqualified from participating in property tax deferral programs. If you are unsure if your home is restricted from entering a property tax deferral program, check your mortgage or ask a real estate professional.

How do I apply to the Program?

Applications are available on the MRS website at https://www.maine.gov/revenue/tax-return-forms/property-tax or from your local municipal office. You can also email the Property Tax Division of MRS at prop.tax@maine.gov to request an application.

Complete an application and submit it to your local property tax assessor between January 1, 2024, and April 1, 2024. Make sure to include any required proof (such as age verification) when you submit the application. Your assessor will enter certain additional information about your home on the application and send it to MRS, who will approve or deny your application.

When in doubt, fill it out! If you aren't sure if you qualify, fill out an application and MRS will review your information and tell you if you qualify.

How does the Program work?

Once you have applied and are approved to participate in the Program, you do not have to do anything. Each year, your municipality will send your property tax bill to MRS (they may also send you a copy for your files). MRS will reimburse the municipality for the tax amount and send you an annual statement of the total amount of deferred property taxes, accrued interest, lien charges, and voluntary payments. You do not have to reapply each year to stay in the Program, and your property taxes for future years will continue to be deferred until either you decide to withdraw or one of the events described in the next section occurs.

When does the Program end?

Once you have been approved, there are two categories of events that could affect your ongoing eligibility for the Program.

Category 1 requires your home to be completely removed from the Program and requires repayment of all deferred taxes from all previous years plus interest and costs within 12 months.

Category 2 prevents you from deferring taxes for future years but allows you to continue to defer taxes from prior years.

Category 1 - Events requiring complete removal and repayment:

- When you die, your estate must pay all outstanding taxes plus interest and costs within 12 months. (See FAQs #1 and #2 below.)
- When you sell, or otherwise transfer, your home to someone else, you must pay all outstanding taxes plus interest and costs within 12 months.
- If the property in the Program is no longer your primary residence (unless you are away for health reasons), you must pay all outstanding taxes plus interest and costs within 12 months.
- If you physically move your mobile home or houseboat out of Maine, you must pay all outstanding taxes plus interest and costs no later than five days before the property leaves Maine.

Category 2 - Events preventing the deferral of future taxes:

- If you no longer own your home in fee simple (see “Own your home” above), you will no longer be able to defer taxes in future years, but you can continue to defer prior year taxes.
- If there is a federal prohibition against deferring taxes on your home, you will no longer be able to defer taxes in future years, but you can continue to defer prior year taxes.
- If you are participating in a municipal property tax deferral program, you will no longer be able to use the Program to defer taxes in future years but can continue to defer prior year taxes.
- If a municipality places a lien on your home, you will no longer be able to defer taxes in future years but can continue to defer prior year taxes.

If either category of event occurs, MRS will notify you and let you know when you must pay the taxes.

Frequently asked questions (FAQs)

1. If I'm participating in the Program, does the State take my home when I die?

When you are accepted into the Program, MRS places a lien on your home to ensure payment of the deferred taxes with interest and costs. When you die, if you do not have a surviving spouse who qualifies for the Program (see FAQ #2), your estate has until 12 months after your death to repay the outstanding tax plus interest and costs. Your heir(s) or estate can request an extension under certain circumstances. If your heir(s) or estate fail to make payment or request an extension, MRS can foreclose on the property.

2. If I apply with my spouse, what happens when one of us dies?

If your surviving spouse qualifies for the Program on their own, they can continue to participate. If not, they may continue to defer prior year taxes, but will not be able to defer future taxes until they qualify on their own.

3. What if my income or my assets go up after I'm already in the Program?

Once approved, changes in your income or assets in future years will not result in your removal from the Program.

4. If I have some extra money, can I pay some of the deferred tax and stay in the Program?

Yes. You may make a payment to MRS at any time without affecting your participation in the Program.

Maine Revenue Services
Property Tax Division
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Email: prop.tax@maine.gov | www.maine.gov/revenue/taxes/property-tax