

The 2024 State Property Tax Deferral Program

The State Property Tax Deferral Program (the “Program”) allows qualifying homeowners to have the State pay the property taxes on their primary residence while the homeowner participates in the Program. Those property taxes, plus interest and costs, must then 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. Homeowners must have income of less than \$80,000, and liquid assets worth less than \$100,000 – or less than \$150,000 for properties with two or more owners – to qualify. The program also allows certain taxpayers with outstanding municipal property tax liens to have the State reimburse the municipality for the delinquent taxes and have the liens discharged, with the delinquent amounts added to the amount required to be repaid.

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 when certain events occur.

There are two kinds of events that could affect your ongoing eligibility for the program. The first kind requires your home to be fully removed from the program and requires repayment of the deferred taxes plus interest and costs. The second kind prevents you from deferring taxes for future years but allows you to continue to defer taxes, interest, and costs from prior years.

Category 1 - Events requiring complete removal and repayment:

- When you die (See FAQs #1 and #2).
- When you sell or otherwise transfer your home to someone else.
- If the property in the Program is no longer your primary residence (unless you are away for health reasons).

- If you physically move your mobile home or houseboat out of Maine

Category 2 - Events preventing the deferral of future taxes:

- If you no longer own your home in fee simple (but see Category 1 regarding changes in ownership that require full removal and repayment).
- If there is a federal prohibition against deferring taxes on your home.
- If you are participating in a municipal property tax deferral program.
- If a municipality places a lien on your home.

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

When you leave the program, you or your estate will usually have 12 months to repay the outstanding taxes, interest, and costs. If you are moving your home to another state, however, you must pay the outstanding taxes, interest, and costs no later than five days before you move.

FAQ #1: If I am participating in the Program, does the State take my home when I die?

Answer: 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.

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

Answer: 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.

FAQ #3: What if my income or my assets go up after I am already in the Program?

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

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

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

For more information, contact the MRS Property Tax Division at prop.tax@maine.gov or visit our [website](#).