

Discussion and Policy Concerning Property Tax Abatements, Payment Plans, and Tree Growth Penalties,

There are a number of issues that can arise concerning the subject topics. They are all related to Property Tax payments and protecting the town's ability to collect due taxes while avoiding undue complications and expenses. The following background info is provided:

1. **Pre-payment of Property Taxes.** An annual warrant article allows the town tax collector to accept pre-payment of property taxes.
2. Tax liens are placed on properties which have not had the associated committed taxes paid 6 months after the due date. A property is then foreclosed if the tax bill remains unpaid for 18 months after the lien is put in place. **This is a total of 24 months from tax due date to foreclosure. Property owners can make payments at any time during that period toward the total taxes, interest, expenses, and fees due (prior year taxes, fees, etc. due are credited first). No formal payment plans are needed or advised for properties with town tax liens in place.** After foreclosure, the property is town owned and the selectmen will process foreclosed property in accordance with established policy for disposal of tax-acquired properties. (see town policy on the subject) This policy includes an opportunity for the former owner to redeem their property by payment of all past taxes, fees, expenses, and interest that would be due if they had owned the property until the date of redemption. **No redemption should include a payment plan.** State case law and 14 MRSA 6230-F requires another foreclosure, by the same means as for a mortgage foreclosure, in order to terminate the rights of the individual that defaults on payments while redeeming property under a payment or installment plan. This would entail court and attorney fees plus there would be an additional 60 days redemption period which can be extended up to one year. **Payment and install plans are not advised.**
3. Tax abatements based on property valuations. If a property owner believes his committed tax bill is too high they can request an abatement using the abatement procedure as outline in the Maine Revenue Services Property Tax Division's Property Tax Bulletin No. 10. (see attached). The procedure as outlined there is excerpted below: Individuals seeking an abatement should be provided a copy of the latest edition of this bulletin.

“Method of Seeking Abatement. The statutes provide that a property owner who believes his local property valuation is excessive must seek relief through a written request to the local assessors, made **within 185 days after the date the tax was committed to the tax collector** (which is usually shortly before the tax bill is mailed) stating the abatement requested, and the reasons for requesting the abatement.

If the taxpayer is dissatisfied with the decision of the local assessors, the taxpayer may appeal within 60 days to the county commissioners; further appeal may be to

the Superior Court within 30 days. (In those municipalities which have adopted a local board of assessment review, appeals which elsewhere could be made to the county commissioners must be made to the local board of assessment review.) Except that appeal pursuant to assessment under Current Use Law is to the State Board of Property Tax Review.

A taxpayer does not lose the right to request abatement because of failure to file a list of the taxpayer's taxable property with the assessors unless taxpayer was specifically requested by mail by the assessors to furnish a list, and failed to do so. (T.36, section 706, fifth paragraph) Please note that neither the State Tax Assessor nor the Maine Revenue Services is authorized to abate taxes assessed in municipalities. Please note also that requests for abatement should not be made to the local tax collector. Tax collectors have no authority to make abatements. Requests for abatement must always be addressed, in the first instance, to the local assessing authority, and then to the appropriate appeals body, as indicated in the following sections of this Bulletin."

4. A property owner can also request a tax abatement for reasons of **infirmity or poverty**. Bulletin No. 10 addresses this under Section 841, B. "The municipal officers or the State Tax Assessor for the unorganized territory, within 3 years from commitment, may on their own knowledge or on written application therefore, make such abatements as they believe reasonable on the real and personal taxes on the primary residence of all persons who, by reason of infirmity or poverty, are in their judgment unable to contribute to the public charges." **Poverty tax abatements are processed by the individual hired to process General Assistance (GA) requests.** If an individual is eligible for General Assistance, the town can abate the individual's property tax bill by making payments for them via the General Assistance (GA) program. In such a case, the town is reimbursed (currently 70%) by the state for the amount of assistance. **If an individual is not eligible for GA, they can still request a poverty tax abatement. These requests are processed by the Board of Selectmen.** If the taxpayer has not requested GA evaluation before requesting a poverty tax abatement from the Board of Selectmen, they should be requested to do so, since abatements under GA are less expensive for the town. If they have been deemed not eligible for GA, their request should be handled by the Board of Selectmen as outlined in the Bulletin No. 10. The GA officer will assist the applicant in filling out the required forms. Note: **Selectmen have a 30-day deadline to respond to requests. Requests must be confidential and considered in executive session and the requesting individual should be given an opportunity to attend the executive session. MMA has a good example of how to evaluate such requests. Baldwin's poverty abatement case # 2016-1 also has a good example of how to evaluate such requests.**
5. Abatements can also be issued for veteran's widows or minor children if application for abatement provided the veteran died during the 12 month period preceding the April 1st for which the tax was committed. See Bulletin No. 10.

6. **Assessed Tree Growth Penalties are Property Taxes by Maine statute.** This allows the town to collect the penalty as a supplemental property tax assessment, and to collect via a tax lien and or foreclose when the penalty payments are not forthcoming. In accordance with 36 MRSA 713-B, penalties must be assessed and collected as supplemental assessments. That said, there are several situations that may trigger the assessment.
- a. A land owner sells less than 10 acres of land, which was in tree growth, to a new owner. **A parcel of less than 10 acres is not eligible for tree growth** and so the penalty is triggered at the time of sale and a supplemental assessment needs to be processed and committed.
 - b. An owner purchases a property of 10 or more acres in tree growth and wants to take all or a portion out of tree growth (to build a house for instance). **Parcels must contain at least 10 acres of forest land to remain in the tree grow.** (In Baldwin, a new house lot must be 2 acres minimum.) In this instance, the assessment is not triggered until the new owner applies in writing to town officers or assessors to take the land out of tree growth, or applies to the town for a building permit. **The building permit should not be issued by the CEO until the applicant has paid the tree growth penalty or a supplemental assessment has been committed.** This will ensure that the town can collect the penalty through a tax lien and foreclosure if necessary. (Owners may be advised to take land out of tree growth and or request a building permit after April 1st to minimize the penalty.) **Payment plans should not be established to pay tree growth penalties after they become due, that is, to allow construction to start before the penalty is fully paid. Pre-payments can be accepted by the tax collector to put money toward a penalty before it is assessed or due but a formal payment plan should not be established.**
 - c. A landowner requests a portion of land that is in tree growth be transferred out of tree growth. The landowner should be advised of the penalty. If the landowner does not pay the penalty at that time, a supplemental assessment should be done and committed. Note that a landowner might be advised to delay taking the land out of tree growth until such time as they are prepared to pay the penalty that will be due at that future date.
 - d. The town CEO discovers that land under tree growth is not being managed in accordance with the tree growth management plan for the property, the owner should be advised, and if usage is not corrected after proper notifications, a supplemental should be assessed and committed.

To assist the Baldwin town officials in coordinating activities associated with tree growth penalties, the town assessor should notify the Administrative Assistant and the Tax Collector when an individual has inquired about tree growth tax penalties on specific properties. The Administrative Assistant

should notify the CEO about the specific property in question and advise the CEO that building permits should not be issued until any tree growth penalty has been certified as paid in full or a supplemental assessment has been committed by the town Tax Collector.

Policy:

Based on the foregoing, the following policy is established. It entails coordination between the Assessor, the Tax Collector, the Administrative Assistant, and the Code Enforcement Officer (CEO)

1. Formal payment plans will not be established by the Tax Collector for payment of property taxes in any form. This includes past due taxes, payments in advance, tree growth penalties, and property redemptions. Property owners can establish payment plans on their own by making periodic payments up to the point at which a property is foreclosed. At that point payments will no longer be accepted.
2. The town assessor will notify the town Tax Collector and the Administrative Assistant when property owners inquire about tree growth tax penalties on specific parcels. The Administrative Assistant will then notify the Code Enforcement Officer (CEO) and advise them that no building permits should be issued for the specific parcels until all questions concerning any tree growth penalties and the Tax Collector has certified that any tree growth penalty has been paid in full or a supplemental assessment has been committed.

Board of Selectmen

Gary McNeil

Gary W. McNeil

Olin Thomas

Olin Thomas

Bob Flint

Robert Flint

Date

2 Feb 16