

MEMORANDUM

TO: Cape Elizabeth Town Council
FROM: Ordinance Committee
DATE: November 19, 2018
SUBJECT: Senior Tax Relief Ordinance

The Ordinance Committee reviewed the draft Senior Tax Relief Ordinance and related documents at the November 1st and November 13th meetings. The ordinance establishes a tax rebate program for homeowners and renters of at least 65 years of age and with a total household income of not more than \$60,000. If adopted by the Town Council in January, residents may be able to receive rebate checks by March, 2019.

The Ordinance Committee also provided comments on a frequently asked questions information sheet that has been prepared by Tax Assessor Clint Swett.

At the November 13, 2018 meeting, the Ordinance Committee voted 2-0 to recommend the Senior Tax Relief Ordinance (attached) to the Town Council for consideration.

**TOWN OF CAPE ELIZABETH
PROPERTY TAX ASSISTANCE ORDINANCE**

Sec. 1. Purpose

The purpose of this Ordinance is to establish a program to provide property tax assistance to persons 65 years of age and over who reside in the Town of Cape Elizabeth.

Sec. 2. Definitions

Homestead: A homestead is a dwelling owned or rented by the person seeking tax assistance under this Ordinance or held in a revocable living trust for the benefit of that person. The dwelling must be occupied by that person as a home.

Qualifying applicant: A qualifying applicant is a person who is determined by the Tax Assessor or her/his designee, after review of a complete application submitted under Section 5 of this Ordinance, to be eligible for a payment under the terms of this Ordinance.

Sec. 3. Creation of the Program Fund

The Town Council may annually appropriate funds for the Senior Tax Relief Program. The Assessor shall determine the total amount of property tax relief sought by qualified applicants. The Tax Assessor shall then align the total funds appropriated with the total amount of qualified applications as follows:

1. Fund Surplus

In the event that funds appropriated by the Town Council are more than the amount for which applicants are eligible under the terms of this ordinance, then surplus monies available, after all payments have been made, shall revert to the Property Tax Assistance Reserve Account. Funds will be used the following fiscal year if approved by the Town Council.

2. Fund Deficit

In the event that funds appropriated by the Town Council are less than the amount for which applicants are eligible under the terms of this ordinance, then funds shall be proportionally disbursed. The Tax Assessor shall calculate a difference ratio between the fund appropriation and the total amount of tax relief sought of qualified applications. This ratio shall be used to adjust each individual benefit for qualified applicants. In the event that a lack of funding results in no payment or less than the full payment to a qualifying applicant, the difference in partial payment will not carry over to the next year.

Sec. 4. Criteria for Participation

In order to participate in the Property Tax Assistance Program, an applicant shall demonstrate all of the following:

a. The applicant shall be 65 years of age or more by the last day on which an application may be filed under Section 5 of this Ordinance.

b. The applicant shall have been a resident of the Town of Cape Elizabeth with a Homestead therein for the ten years immediately preceding the last day on which an application may be filed under Section 5 of this Ordinance.

c. The applicant shall have a **HOMESTEAD EXEMPTION** benefit, in accordance with Title 36 M. R.S. Sec. 681-689, already established on the property.

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2 d. The federal adjusted gross income of the applicant and any other adult members of the applicant's household
3 combined (total household income) does not exceed \$60,000.

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5 e. Payment of the immediately preceding fiscal year property taxes have been paid in full for the subject
6 property.

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8 **Sec. 5. Application and Payment Procedures**

9 Persons seeking to participate in the Property Tax Assistance Program shall submit an application due to the Tax
10 Assessor no later than February 15, 2019. Starting July 1, 2019, all applications are due by November 15th of that
11 year. The Tax Assessor shall provide an application form for the program, which shall include the applicant's
12 name, homestead address and contact information.

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14 At the time of application, applicants must provide adequate evidence of eligibility. The Assessor may accept a
15 statement under oath. No confidential income records, including tax returns, will be kept by the Town. The Tax
16 Assessor shall review and determine if the application is complete and accurate and if the applicant is eligible to
17 participate in the Program. The Tax Assessor shall notify an applicant if an application is determined to be
18 incomplete. The Tax Assessor's decision on eligibility to participate in the Program shall be final.

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20 **Sec. 6. Determination of eligibility and amount of eligibility**

21 If the Tax Assessor determines that the applicant is eligible to participate in the Program, he/she shall determine
22 the amount of the benefit paid. The amount shall be the least of the following:

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24 1. Eligibility for Homeowners

25 a. The amount, if any, by which the taxes assessed for fiscal year of the Town beginning on July 1 of the
26 preceding calendar year exceeds 5% of the federal adjusted gross income of the applicant and any other adult
27 members of the applicant's household combined (total household income); or

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29 b. A pro-rata share of the available monies in the Program Fund, including any amount in the Property Tax
30 Assistance Reserve Account, allocated based on the amount of the refunds determined under sub-section a for
31 all eligible applicants; or

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33 c. \$500.00.

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35 In the case of applicants who did not file federal income tax returns, the Tax Assessor, upon presentation of
36 adequate information returns and other information, shall calculate the federal adjusted gross income.

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38 2. Eligibility for Renters

39 a. The amount, if any, by which the taxes assessed for fiscal year of the Town beginning on July 1 of the
40 preceding calendar year exceeds 18% of the federal adjusted gross income of the applicant and any other adult
41 members of the applicant's household combined (total household income). The Tax Assessor, upon presentation
42 of adequate documents and other information, shall determine the amount of rent, which shall include rent
43 paid from own funds by the applicant, and any other adult members of the applicant's household combined
44 (total household income) in the preceding calendar year.

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46 b. A pro-rata share of the available monies in the Program Fund, including any amount in the Property Tax
47 Assistance Reserve Account, allocated based on the amount of the refunds determined under sub-section a for
48 all eligible applicants; or

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c. \$500.00.

Sec. 7. Timing of Payments

A person who qualifies for payment under this Program shall be mailed a check for the full amount no later than March 15th for the year in which participation is sought.

Sec. 8. Limitations upon payments

Only one qualifying applicant per household shall be entitled to payment under this Program each year. The right to file an application under this Ordinance is personal to the applicant and does not survive the applicant's death, but the right may be exercised on behalf of an applicant by the applicant's legal guardian or attorney-in-fact. If an applicant dies after having filed a timely complete application that results in a determination of qualification, the amount determined by the Tax Assessor shall be disbursed to another member of the household as determined by the Town Assessor in consultation with the Town Manager. If the applicant was the only member of a household, then no payment shall be made under this Ordinance.

Sec. 9. Annual Report to the Town Council

The Tax Assessor shall report in writing to the Town Council no later than December 31st of each year the projected payments, number of eligible applicants requesting assistance for the program fund, and any surplus or shortage of program funds as described in Sec. 3.