

# Town of Freeport

## Code of Ordinances - Chapter 67

### Property Tax Assistance

#### Section 67-1. Purpose.

The purpose of this article is to establish a program to provide property tax assistance to persons who have reached their Social Security full retirement age and reside in the Town of Freeport. Under this program, the Town of Freeport will provide refund payments to individuals who have maintained a homestead in the Town of Freeport for the immediately preceding five (5) years and meet the criteria established by this article.

#### Section 67-2. Definitions

**Asset** – For the purpose of this program, an asset is anything that you own with monetary value worth more than \$8,000, including but not limited to:

1. Cash and Financial Account Balances, including but not limited to: cash on hand, checking and savings accounts; certificates of deposits, stocks, bonds, mutual funds, IRAs, 401(k), rare coins, silver, gold, etc.
2. The equity of real estate assets, excluding your primary residence, that you own or in which you have an ownership share. The equity is calculated as the market value of the property less the balance of any mortgage owed on the property.
3. Automobiles, not including one household vehicle. For the purpose of this program, the exempt household vehicle will be considered the least valuable of all vehicles owned by the household.
4. Personal possessions including, but not limited to: art, motorcycles, recreational vehicles, boats, electronics, jewelry, collectibles, and antiques.
5. Share of tangible and intangible business assets.

**Benefit Base** - Property taxes paid by a qualifying applicant during the tax year on the qualifying applicant's homestead or rent constituting property taxes paid by the resident individual during the tax year on a homestead less property taxes or rent constituting property tax paid on the same homestead in the preceding tax year.

**Homestead** - For purposes of this article, "homestead" shall have the same meaning as defined in 36 M.R.S.A. § 5219-KK(1)(C). Generally, a homestead is a dwelling owned or rented by the person seeking tax assistance under this article or held in a revocable living trust for the benefit of that person. The dwelling must be occupied by that person and that person's dependents as a home.

**Income** - Total household income as determined by the total (gross) income reported on the applicant's most recent federal income tax return (line 22 of Form 1040; line 15 of Form 1040A; line four of Form 1040EZ), plus the total (gross) income reported on the most recent federal

income tax return of each additional member of the household if filing separately. If the applicant and/or any member of the household do not file a federal income tax return, income shall be the cumulative amount of all income received by the applicant and each additional member of the household from whatever source derived, including, but not limited to, the following items:

1. Compensation for services, including wages, salaries, tips, fees, commissions, fringe benefits and similar items;
2. Gross income derived from business;
3. Gains derived from dealings in property (capital or other);
4. Interest;
5. Rents from real estate;
6. Royalties;
7. Dividends;
8. Alimony and separate maintenance payments received;
9. Annuities;
10. Pensions;
11. Income from discharge of indebtedness;
12. Distributive share of partnership gross income;
13. Income from an interest in an estate or trust;
14. IRA or other retirement plan distributions;
15. Unemployment compensation; and
16. Social security benefits.

**Qualifying Person** - A person who is determined by the Town Manager, or their designee, after review of a complete application under Section 4 of this article, to be eligible for a refund payment under the terms of this article.

**Rent Constituting Property Tax** - Fifteen percent of the gross rent actually paid in cash or its equivalent during the tax year solely for the right of occupancy of a homestead less fifteen percent of the gross rent paid during the preceding tax year solely for the right to occupy the same homestead. For the purposes of this article, "gross rent" means rent paid at arm's length solely for the right of occupancy of a homestead, exclusive of charges for any utilities, services, furniture, furnishings, or personal property appliances furnished by the landlord as part of the rental agreement, whether or not expressly set out in the rental agreement.

### Section 67-3. Criteria for Participation

To participate in the property tax assistance program, an applicant shall demonstrate all of the following:

1. The applicant shall have reached their Social Security Full Retirement Age at the time of application;
2. The applicant has been a resident with a homestead within the Town of Freeport for at least five (5) years immediately preceding the date of application for participation in the Program;
3. The applicant shall meet the application and eligibility criteria set forth in Section 4 and Section 5 of this article; and
4. The maximum family household income (MFHI) shall be no more than 250% of the Federal Poverty Level for the year in which the tax is committed.

In addition, in order to participate in the property tax assistance program, the applicant household must not have more than \$500,000 in combined assets, not including their primary residence.

### Section 67-4. Application and Payment Procedures

1. Persons seeking to participate in the property tax assistance program shall apply to the Town Manager no later than April 15th of the fiscal year for which the refund is requested. Applications are required for every year the applicant seeks to participate in this program. The application form for the program shall be made available upon request in the Town Manager's office and shall include, at a minimum, the applicant's name, homestead address and contact information. Attached to all applications shall be proof of household income.
2. Applicants shall also submit proof of property taxes paid or rent constituting property taxes paid during the tax year on the individual's homestead in the Town of Freeport.
3. The Town Manager, or designee, shall review and determine if the application is complete and accurate and if the applicant is otherwise eligible to participate in the program. The Town Manager shall notify an applicant if an application is determined to be incomplete. The Town Manager's decision on eligibility to participate in the program shall be final.

### Section 67-5. Determination of Eligibility and Rebate Amount

1. Eligibility under this article is designed to provide greater benefits proportionally to applicants with lower income in relation to their benefit base. Eligible applicants will receive a benefit totaling the amounts set forth as follows, provided that the cumulative maximum benefit allowed shall not be more than be \$750:
  - a. The total amount of any increase to the applicant's benefit base from the most recent tax year to the current tax year (maximum \$200); and
  - b. Benefits based on the applicant's total household income as defined by Section 2 Definitions – in the corresponding amount as set forth below, based upon the applicant's total gross income as a percent of the established Federal Poverty Level, rounded to the nearest percent:

- i. 226-250%, the applicant will receive \$300;
- ii. 200-225%, the applicant will receive \$400; or
- iii. Less than 200%, the applicant will receive \$550.

#### Section 67-6. Limitations on Payments

1. The Town Manager shall report to the Town Council for its approval at its 1st meeting in May each year the projected payments and number of eligible applicants requesting assistance from the program fund.
2. Payments under this article shall be conditioned upon the existence of sufficient monies in the program fund for the year in which participation is sought. If there are not sufficient monies in the program fund to pay all qualifying applicants under this article per the calculations set forth in Section 5, payments shall be limited to the amounts available in the fund and may be prorated accordingly. If a lack of funding results in no payment or less than the full payment to a qualifying applicant, the request and/or unpaid balance will not carry over to the next year.

#### Section 67-7. Creation of Program Fund

The program fund from which payments shall be made under the terms of this article shall be created as follows:

1. As funds are available, the Town Council shall annually evaluate the program and determine what funds, if any, to appropriate from the general fund or other sources to support this program.
2. Any surplus monies available after all payments have been made shall be carried forward within the fund to the next fiscal year.

#### Section 67-8. Timing of Payments

A person who qualifies for payment under this program shall be made via electronic funds transfer (EFT or ACH) or paper check as determined by the Town Manager for the benefit amount for which they are eligible under Section 5 no later than June 1st or fourteen (14) days from the date that the current tax assessment is paid in full, whichever is greater. The Town Manager may, at their sole discretion, authorize the payment to be released prior to payment in full of the tax bill so long as it is part of a plan to pay the tax bill in full.

#### Section 67-9. One Application per Household

Only one qualifying applicant per household shall be entitled to payment under this program each year. Eligibility shall be determined based on total household income. The right to file an application under this article 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 Town Manager shall be disbursed to another member of the household as determined by the Town Manager. If the applicant was the only member of a household, then no payment shall be made under this article.