



TOWN OF FREEPORT, MAINE

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To: Orono Town Council
From: Sophia L. Wilson, Town Manager
Date: March 18, 2018
RE: Proposed Property Tax Assistance Ordinance Background

State law (36 MRSA § 6232) grants municipalities the authority to enact local property tax assistance programs through ordinance that meet the following requirements:

1. Include a minimum municipal residency requirement, as determined by the legislative body (in this case, the Freeport Town Council);
2. Set a minimum age requirement of not less than 62 years old;
3. Provide benefits to both homeowners and renters; and
4. Calculates benefits in manner that provides greater benefits proportionately to those with lower incomes.

The Council Ordinance Committee met in January, February, and March to identify program parameters and review draft documents. This program is based, in large part, upon the ordinance and guidelines adopted by the Town of Cumberland several years ago. In summary, the Committee's recommended ordinance includes the following:

1. Minimum age eligibility aligns with Social Security full retirement age;
2. Requires at least five (5) years of residency (and homestead) in Freeport prior to the application;
3. Eligible household income not greater than 250% of the current Federal Poverty level with a maximum of \$750,000 in assets, not including the applicant's primary residence;
4. Maximum annual benefit of \$750;
5. Benefit provided in an electronic rebate payment within 21 days of Council approval of rebate payments or date taxes paid in full, whichever is later; and
6. In the case where applicant eligibility exceeds available program funds, rebates will be prorated.

In an effort to provide a very rough estimate of potential costs associated with this program, staff utilized community wide census data and Neilsburg Research; however, there is a very large margin of error given the age and grouping of the data as well as the assumptions used in the calculations. At this very high level, the potential impact may be \$191,788 annual cost with a tax increase of approximately \$0.08/\$1,000 of taxable value at a cost of \$35.85 to taxpayers with a median assessed single-family home valuation. Again, this is a very, very high level estimate with actual baseline data available after year one of the program.

Councilors requested information on other available local property tax relief programs:

1. [State Property Tax Deferral Program \(State of Maine\)](#)

- a. Eligibility: Applicants must be at least 65 years of age or disabled with total assets of \$150,000 (joint)/\$100,000 (single) and an annual income of \$80,000 or less.
- b. Process: Apply by filing a form with the local tax assessor between January 1st – April 1st. Qualifying taxpayer's property taxes are paid in full or in part by the State of Maine. The State then files a lien against the property for the amount paid, plus accruing interest, which is payable when the house is sold or transfers ownership at the applicant's death. A recent law appears to have been adopted that provides heirs up to 12 months from the date of the applicant's death to repay the deferred tax bill.

2. [Property Tax Fairness Credit \(State of Maine\)](#)

- a. Eligibility: Applicants must have been a Maine resident during the tax year and owned or rented their home may be eligible for up to \$1,000 (\$1,500 for those 65 years old or older) in a refundable income tax credit. (This limit is doubled for veterans or spouses who are 100% disabled as a result of one or more service connected disabilities.) Amount of eligibility is based upon filing status, household income, and number of qualifying dependents claimed on Maine State income tax documents. Eligible household income ranges from \$57,500 for single filers to \$92,500 for head of household, joint, or qualifying spouse filers with dependents.

Reundable credit based upon paying property tax on one's home (principle residence) of more than 4% of their total income or paying rent for their home (principle residence) of more than 26.67% of their total income.

- b. Process: File income tax documents (1040ME and Schedule PTFC/STFC).

3. **Poverty Abatement (Municipal)**

"An abatement forgives or waives an obligation to pay the property taxes abated. Generally, there is no home rule authority for municipal officials to abate or forgive tax obligations except as specifically authorized in Maine statute. A poverty abatement is allowed under Maine law to forgive "the real and personal taxes on all persons who, by reason of hardship or poverty" are in the judgment of the municipal officers, "unable to contribute to the public charges." See 36 M.R.S. § 841(2). Unlike other types of property tax abatements, a poverty abatement is based on the financial hardship of the applicant rather than the value of the property itself." (*Maine Municipal Association*). Municipal officers must determine whether the applicant has (or had) the ability to contribute to the public charge. They are given great deference; however, generally use General Assistance and/or federal poverty income guidelines to develop a financial analysis. While this can seem straightforward, with very little guidance, municipal officers must also rely on court decisions to interpret the law along with the financial analysis. [Maine Municipal Association provides this primer on guidance from the courts on this topic.](#)

There are also a variety of [property tax exemptions](#) that Maine residents can apply for through the municipal assessor.

Household Income Age of Householder	25 to 44				Total
	Under 25 years	years	45 to 64 years	65 years +	
Less than \$10,000	-	-	37	80	117
\$10,000 - \$14,999	-	-	67	89	156
\$15,000 - \$19,999	-	-	68	30	98
\$20,000 - \$24,999	-	-	36	9	45
\$25,000 - \$29,999	-		53	9	125
\$30,000 - \$34,999	-		8	28	36
\$35,000 - \$39,999		15	69	11	156
\$40,000 - \$44,999	-	-	13	39	52
\$45,000 - \$49,999	-		14	11	91
\$50,000 - \$59,999	-		38	81	146
\$60,000 - \$74,999	-		67	85	401
\$75,000 - \$99,999	-		174	238	531
\$100,000 - \$124,999	-		85	168	313
\$125,000 - \$149,999	-		117	112	324
\$150,000 - \$199,999	-		74	103	382
\$200,000 or more	-		251	176	454
Total	15	950	1215	1247	3427
* "Freeport, Maine Median Household Income by Age". Neilsberg Research. (01/10/2024)					

Own	Rent
64	16
72	17
24	6
7	2
51	12
23	5
49	12
31	8
53	13
22	5
200	49
96	23
48	12
76	19
165	40
22	5
1003	244

* Calculated using Table 1 and Ce

** Assuming all with qualifying income would also have less than the maximum household assets.

** Assuming Census ACS breakdown of 80.4% owner occupied units

Assumptions:			
Annual Property Tax Rate Growth	0.0001	Annual Gross Rent Growth	5%
Median Home Value	\$430,500	Average Gross Rent	\$1,548
Base Increment Property Tax	\$43	Base Increment Rent	\$12
Sliding Scale Values			
i	\$300		
ii	\$400		
iii	\$550		

PROPERTY TAX REBATE - OWNERS			
	# Households	Rebate	Total Rebate
i	49	\$343	\$16,809
ii	23	\$443	\$10,190
iii	218	\$593	\$129,216
Total	290		\$156,216

PROPERTY TAX REBATE - RENTERS			
	# Households	Rebate	Total Rebate
i	12	\$312	\$3,739
ii	5	\$412	\$2,058
iii	53	\$562	\$29,765
Total	70		\$35,563

Total Estimated Direct Program Cost	\$191,778
Estimated Taxable Valuation	\$2,303,096,213
Tax Rate Impact	8.32698E-05
Median Home Tax Bill Impact	\$35.85

2024 Poverty Guidelines: 48 Contiguous States (all states except Alaska and Hawaii)

Dollars Per Year

Household/ Family Size	50%	75%	100%	125%	130%	133%	135%	138%	150%	175%	180%	185%
1	7,530.00	11,295.00	15,060.00	18,825.00	19,578.00	20,029.80	20,331.00	20,782.80	22,590.00	26,355.00	27,108.00	27,861.00
2	10,220.00	15,330.00	20,440.00	25,550.00	26,572.00	27,185.20	27,594.00	28,207.20	30,660.00	35,770.00	36,792.00	37,814.00
3	12,910.00	19,365.00	25,820.00	32,275.00	33,566.00	34,340.60	34,857.00	35,631.60	38,730.00	45,185.00	46,476.00	47,767.00
4	15,600.00	23,400.00	31,200.00	39,000.00	40,560.00	41,496.00	42,120.00	43,056.00	46,800.00	54,600.00	56,160.00	57,720.00
5	18,290.00	27,435.00	36,580.00	45,725.00	47,554.00	48,651.40	49,383.00	50,480.40	54,870.00	64,015.00	65,844.00	67,673.00
6	20,980.00	31,470.00	41,960.00	52,450.00	54,548.00	55,806.80	56,646.00	57,904.80	62,940.00	73,430.00	75,528.00	77,626.00
7	23,670.00	35,505.00	47,340.00	59,175.00	61,542.00	62,962.20	63,909.00	65,329.20	71,010.00	82,845.00	85,212.00	87,579.00
8	26,360.00	39,540.00	52,720.00	65,900.00	68,536.00	70,117.60	71,172.00	72,753.60	79,080.00	92,260.00	94,896.00	97,532.00
9	29,050.00	43,575.00	58,100.00	72,625.00	75,530.00	77,273.00	78,435.00	80,178.00	87,150.00	101,675.00	104,580.00	107,485.00
10	31,740.00	47,610.00	63,480.00	79,350.00	82,524.00	84,428.40	85,698.00	87,602.40	95,220.00	111,090.00	114,264.00	117,438.00
11	34,430.00	51,645.00	68,860.00	86,075.00	89,518.00	91,583.80	92,961.00	95,026.80	103,290.00	120,505.00	123,948.00	127,391.00
12	37,120.00	55,680.00	74,240.00	92,800.00	96,512.00	98,739.20	100,224.00	102,451.20	111,360.00	129,920.00	133,632.00	137,344.00
13	39,810.00	59,715.00	79,620.00	99,525.00	103,506.00	105,894.60	107,487.00	109,875.60	119,430.00	139,335.00	143,316.00	147,297.00
14	42,500.00	63,750.00	85,000.00	106,250.00	110,500.00	113,050.00	114,750.00	117,300.00	127,500.00	148,750.00	153,000.00	157,250.00

Household/ Family Size	200%	225%	250%	275%	300%	325%	350%	375%	400%	500%	600%	700%
1	30,120.00	33,885.00	37,650.00	41,415.00	45,180.00	48,945.00	52,710.00	56,475.00	60,240.00	75,300.00	90,360.00	105,420.00
2	40,880.00	45,990.00	51,100.00	56,210.00	61,320.00	66,430.00	71,540.00	76,650.00	81,760.00	102,200.00	122,640.00	143,080.00
3	51,640.00	58,095.00	64,550.00	71,005.00	77,460.00	83,915.00	90,370.00	96,825.00	103,280.00	129,100.00	154,920.00	180,740.00
4	62,400.00	70,200.00	78,000.00	85,800.00	93,600.00	101,400.00	109,200.00	117,000.00	124,800.00	156,000.00	187,200.00	218,400.00
5	73,160.00	82,305.00	91,450.00	100,595.00	109,740.00	118,885.00	128,030.00	137,175.00	146,320.00	182,900.00	219,480.00	256,060.00
6	83,920.00	94,410.00	104,900.00	115,390.00	125,880.00	136,370.00	146,860.00	157,350.00	167,840.00	209,800.00	251,760.00	293,720.00
7	94,680.00	106,515.00	118,350.00	130,185.00	142,020.00	153,855.00	165,690.00	177,525.00	189,360.00	236,700.00	284,040.00	331,380.00
8	105,440.00	118,620.00	131,800.00	144,980.00	158,160.00	171,340.00	184,520.00	197,700.00	210,880.00	263,600.00	316,320.00	369,040.00
9	116,200.00	130,725.00	145,250.00	159,775.00	174,300.00	188,825.00	203,350.00	217,875.00	232,400.00	290,500.00	348,600.00	406,700.00
10	126,960.00	142,830.00	158,700.00	174,570.00	190,440.00	206,310.00	222,180.00	238,050.00	253,920.00	317,400.00	380,880.00	444,360.00
11	137,720.00	154,935.00	172,150.00	189,365.00	206,580.00	223,795.00	241,010.00	258,225.00	275,440.00	344,300.00	413,160.00	482,020.00
12	148,480.00	167,040.00	185,600.00	204,160.00	222,720.00	241,280.00	259,840.00	278,400.00	296,960.00	371,200.00	445,440.00	519,680.00
13	159,240.00	179,145.00	199,050.00	218,955.00	238,860.00	258,765.00	278,670.00	298,575.00	318,480.00	398,100.00	477,720.00	557,340.00
14	170,000.00	191,250.00	212,500.00	233,750.00	255,000.00	276,250.00	297,500.00	318,750.00	340,000.00	425,000.00	510,000.00	595,000.00

Note: Each individual program--e.g., SNAP, Medicaid--determines how to round various multiples of the poverty guidelines, what income is to be included, and how the eligibility unit is defined. For more information about the poverty guidelines visit: <http://aspe.hhs.gov/poverty>.

Source: U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation.



Dollars Per Month

Household/ Family Size	50%	75%	100%	125%	130%	133%	135%	138%	150%	175%	180%	185%
1	627.50	941.25	1,255.00	1,568.75	1,631.50	1,669.15	1,694.25	1,731.90	1,882.50	2,196.25	2,259.00	2,321.75
2	851.67	1,277.50	1,703.33	2,129.17	2,214.33	2,265.43	2,299.50	2,350.60	2,555.00	2,980.83	3,066.00	3,151.17
3	1,075.83	1,613.75	2,151.67	2,689.58	2,797.17	2,861.72	2,904.75	2,969.30	3,227.50	3,765.42	3,873.00	3,980.58
4	1,300.00	1,950.00	2,600.00	3,250.00	3,380.00	3,458.00	3,510.00	3,588.00	3,900.00	4,550.00	4,680.00	4,810.00
5	1,524.17	2,286.25	3,048.33	3,810.42	3,962.83	4,054.28	4,115.25	4,206.70	4,572.50	5,334.58	5,487.00	5,639.42
6	1,748.33	2,622.50	3,496.67	4,370.83	4,545.67	4,650.57	4,720.50	4,825.40	5,245.00	6,119.17	6,294.00	6,468.83
7	1,972.50	2,958.75	3,945.00	4,931.25	5,128.50	5,246.85	5,325.75	5,444.10	5,917.50	6,903.75	7,101.00	7,298.25
8	2,196.67	3,295.00	4,393.33	5,491.67	5,711.33	5,843.13	5,931.00	6,062.80	6,590.00	7,688.33	7,908.00	8,127.67
9	2,420.83	3,631.25	4,841.67	6,052.08	6,294.17	6,439.42	6,536.25	6,681.50	7,262.50	8,472.92	8,715.00	8,957.08
10	2,645.00	3,967.50	5,290.00	6,612.50	6,877.00	7,035.70	7,141.50	7,300.20	7,935.00	9,257.50	9,522.00	9,786.50
11	2,869.17	4,303.75	5,738.33	7,172.92	7,459.83	7,631.98	7,746.75	7,918.90	8,607.50	10,042.08	10,329.00	10,615.92
12	3,093.33	4,640.00	6,186.67	7,733.33	8,042.67	8,228.27	8,352.00	8,537.60	9,280.00	10,826.67	11,136.00	11,445.33
13	3,317.50	4,976.25	6,635.00	8,293.75	8,625.50	8,824.55	8,957.25	9,156.30	9,952.50	11,611.25	11,943.00	12,274.75
14	3,541.67	5,312.50	7,083.33	8,854.17	9,208.33	9,420.83	9,562.50	9,775.00	10,625.00	12,395.83	12,750.00	13,104.17

Household/ Family Size	200%	225%	250%	275%	300%	325%	350%	375%	400%	500%	600%	700%
1	2,510.00	2,823.75	3,137.50	3,451.25	3,765.00	4,078.75	4,392.50	4,706.25	5,020.00	6,275.00	7,530.00	8,785.00
2	3,406.67	3,832.50	4,258.33	4,684.17	5,110.00	5,535.83	5,961.67	6,387.50	6,813.33	8,516.67	10,220.00	11,923.33
3	4,303.33	4,841.25	5,379.17	5,917.08	6,455.00	6,992.92	7,530.83	8,068.75	8,606.67	10,758.33	12,910.00	15,061.67
4	5,200.00	5,850.00	6,500.00	7,150.00	7,800.00	8,450.00	9,100.00	9,750.00	10,400.00	13,000.00	15,600.00	18,200.00
5	6,096.67	6,858.75	7,620.83	8,382.92	9,145.00	9,907.08	10,669.17	11,431.25	12,193.33	15,241.67	18,290.00	21,338.33
6	6,993.33	7,867.50	8,741.67	9,615.83	10,490.00	11,364.17	12,238.33	13,112.50	13,986.67	17,483.33	20,980.00	24,476.67
7	7,890.00	8,876.25	9,862.50	10,848.75	11,835.00	12,821.25	13,807.50	14,793.75	15,780.00	19,725.00	23,670.00	27,615.00
8	8,786.67	9,885.00	10,983.33	12,081.67	13,180.00	14,278.33	15,376.67	16,475.00	17,573.33	21,966.67	26,360.00	30,753.33
9	9,683.33	10,893.75	12,104.17	13,314.58	14,525.00	15,735.42	16,945.83	18,156.25	19,366.67	24,208.33	29,050.00	33,891.67
10	10,580.00	11,902.50	13,225.00	14,547.50	15,870.00	17,192.50	18,515.00	19,837.50	21,160.00	26,450.00	31,740.00	37,030.00
11	11,476.67	12,911.25	14,345.83	15,780.42	17,215.00	18,649.58	20,084.17	21,518.75	22,953.33	28,691.67	34,430.00	40,168.33
12	12,373.33	13,920.00	15,466.67	17,013.33	18,560.00	20,106.67	21,653.33	23,200.00	24,746.67	30,933.33	37,120.00	43,306.67
13	13,270.00	14,928.75	16,587.50	18,246.25	19,905.00	21,563.75	23,222.50	24,881.25	26,540.00	33,175.00	39,810.00	46,445.00
14	14,166.67	15,937.50	17,708.33	19,479.17	21,250.00	23,020.83	24,791.67	26,562.50	28,333.33	35,416.67	42,500.00	49,583.33

Note: Each individual program--e.g., SNAP, Medicaid--determines how to round various multiples of the poverty guidelines, what income is to be included, and how the eligibility unit is defined. For more information about the poverty guidelines visit: <http://aspe.hhs.gov/poverty>.

Source: U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation.

