



TOWN OF FREEPORT, MAINE

Town Manager's Office
30 Main Street
Freeport, ME 04032

Phone: 207-865-4743 x 118
Email: swilson@freeportmaine.com

To: Freeport 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 | | | | Total |
|-----------------------|--------------------|----------------|----------------|-------------|-------------|
| | Under 25 years | 25 to 44 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 | 63 | 125 |
| \$30,000 - \$34,999 | - | 8 | - | 28 | 36 |
| \$35,000 - \$39,999 | 15 | 69 | 11 | 61 | 156 |
| \$40,000 - \$44,999 | - | - | 13 | 39 | 52 |
| \$45,000 - \$49,999 | - | 14 | 11 | 66 | 91 |
| \$50,000 - \$59,999 | - | 38 | 81 | 27 | 146 |
| \$60,000 - \$74,999 | - | 67 | 85 | 249 | 401 |
| \$75,000 - \$99,999 | - | 174 | 238 | 119 | 531 |
| \$100,000 - \$124,999 | - | 85 | 168 | 60 | 313 |
| \$125,000 - \$149,999 | - | 117 | 112 | 95 | 324 |
| \$150,000 - \$199,999 | - | 74 | 103 | 205 | 382 |
| \$200,000 or more | - | 251 | 176 | 27 | 454 |
| Total | 15 | 950 | 1215 | 1247 | 3427 |

| 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 C

** 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.



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 at least five (5) years and meet the criteria established by this article.

Section 67-2. Definitions

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 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 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 \$750,000 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 August 1 of the 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 second meeting in August 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 (upon request and after approval by the Town Manager) for the benefit amount for which they are eligible under Section 5 no later than twenty-one (21) days from the date of Council approval of the applications for the year in which participation is sought or 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.