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State Property Tax Deferral Program



The State Property Tax Deferral Program is a lifeline loan program that can cover the annual property tax bills of Maine people who are ages 65 and older or are permanently disabled and who cannot afford to pay them on their own. The loan program allows Maine's most vulnerable community members to age in place and ensures that property taxes are still delivered to municipalities, requiring repayment of the loan once the property is sold or becomes part of an estate.

[Governor Mills Announces \\$3.5 Million in Lifeline Loans to Cover the Property Tax Bills of Older or Disabled Maine People](#)

[The State Property Tax Deferral Program: A Guide for Applicants](#)

[The State Property Tax Deferral Program: A Guide for Municipalities](#)

[State Property Tax Deferral Application Form](#)

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FAQ

1. What is the State Property Tax Deferral Program?

The State Property Tax Deferral Program is a program that allows certain individuals to defer (postpone) payment of the property taxes on their homesteads until they pass away, move, or sell their property. During the period when the taxes are being deferred, the State reimburses the municipality for the deferred taxes. The deferred tax, plus interest, is then required to be repaid to the State by the individual or their estate when they pass away, move, sell the property, or move the property (if mobile or floating home) out of Maine.

2. Who qualifies for the program?

To be eligible for the program, you must be at least 65 years old or unable to work due to a disability. In addition, all owners must have combined liquid assets of less than \$75,000 (\$50,000 if a single owner) and combined income of less than \$40,000.

3. What qualifies as a disability?

To qualify under the disability section, you must have been determined by a state or federal

government agency to have a permanent and total impairment or condition that prevents you from being employed.

4. What are liquid assets?

Liquid assets are anything of value that can be converted to cash in three months or less,

including:

- Bank accounts and CDs;
- Money market and mutual funds;
- Life insurance policies;
- Stocks and bonds; and
- Lump-sum payments and inheritances.

5. Does my property qualify for the program?

In addition to the requirements above, to be eligible for the program you must own and occupy the property as your principal residence, and you must be receiving a homestead exemption on the property. [Homestead Exemption Program FAQ | Maine Revenue Services](#). Property eligible for deferral includes both your principal residence plus up to 10 contiguous acres. If your homestead is located in a multi-unit building, the eligible property is the portion of the building used as your principal dwelling plus the percentage of the value of the common areas and the land on which the building is located.

6. Are there additional restrictions on eligible property?

Yes. You must own your property in fee simple (in other words, there can't be any limitations on your ability to sell or encumber the property), there must be no municipal liens on your property, you cannot be participating in a municipal deferral program, and there must be nothing preventing deferral in any federal law or rule.

7. How do I apply for the program?

You must file an application with your local municipal assessor between January 1 and April 1. The application is available on the MRS website at www.maine.gov/revenue/tax-return-forms/property-tax. The municipal assessor will verify certain information, then forward the application to MRS for review. MRS will review your application and may request additional information from you to confirm your eligibility for the program.

8. Do I have to apply for the program every year?

No. Once your application is approved, you may continue to defer the property taxes on your homestead in future years as long as there is no change in circumstances that might lead to disqualification or removal. For a description of changes that would disqualify you from the program, see paragraph 6 on additional restrictions above.

9. What should I do if my application is rejected?

If MRS determines that you are not eligible to participate in the program, MRS will send you a notice of the denial. You may file an appeal of the denial with the State Board of Property Tax Review within 30 days of receipt of the notice. Information on appeals can be found on the Board's website at: www.maine.gov/dafs/boardproptax/appeals/index.shtml.

10. What does deferral mean?

Once you are accepted into the program, MRS will pay the property taxes on your homestead directly to the municipality. MRS will also place a lien on your homestead as security for the taxes we pay on your behalf, plus interest. MRS will send you a notice each year with your current balance. You can continue to defer payment on the taxes and interest until certain repayment events occur.

11. When do I have to repay the deferred taxes?

You can request that your property be removed from the program at any time. You will be responsible for paying all of the deferred taxes plus interest when the property is removed. In addition, any of the following repayment events will also require removal of the property from the program and you or your estate will be required to repay the tax and interest on all deferred years:

- You pass away;
- You sell the homestead;
- You no longer use the property as your homestead, unless you are absent for health reasons; or
- In the case of a mobile or floating home, you remove the property from the State.

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