

# The Property Tax Stabilization Program: A Guide for Applicants

## What is it?

Property Tax Stabilization for Senior Citizens, also known as the Property Tax Stabilization Program (the “Program”), is a State program that allows certain senior-citizen residents to stabilize, or freeze, the property taxes on their homestead. As long as you qualify and file a timely application each year, the tax billed to you for your homestead will be frozen at the amount you were billed in the prior tax year. Eligible residents who move may transfer the fixed tax amount to a new homestead, even if that new homestead is in a different Maine municipality.

## Who qualifies?

To be eligible for the Program, an individual must meet all of the following as of April 1 of the property tax year for which they are requesting stabilization (so for applications due December 1, 2022, qualifications must be met as of April 1, 2023):

- 1) at least 65 years old,
- 2) a permanent resident of Maine,
- 3) have owned a Maine homestead for at least ten years, and
- 4) be eligible for a homestead exemption on the property they are placing in the Program.

If your homestead is owned by more than one individual as joint tenants, only one owner needs to qualify for the Program to participate. There are no income or asset limitations to qualify.

Permanent resident. You must have established a permanent residence in Maine. "Permanent residence" means that place where an individual has a true, fixed, and permanent home and principal establishment to which the individual, whenever absent, has the intention of returning. An individual may have only one permanent residence at a time and, once a permanent residence is established, that residence is presumed to continue until circumstances indicate otherwise.

Ten-year homestead. You must have owned a homestead in Maine for at least ten years. The ten-year period does not have to be consecutive. A homestead means residential property that you occupy as your permanent residence. A homestead also includes property that is held in a revocable living trust for your benefit or property owned by a cooperative housing corporation if you occupy it as your permanent residence as a qualifying shareholder. It does not include real property used solely for commercial purposes.

Homestead exemption. You must be eligible to receive a homestead exemption on your home. The homestead exemption generally applies only to your permanent residence. Your property tax bill will usually show whether you are already receiving a homestead exemption. If you are unsure whether you qualify for a homestead exemption, contact your local assessor.

## How do I apply to the Program?

Applications are available at the Maine Revenue Services ("MRS") website or from your local municipal office. You can also call the Property Tax Division of MRS at (207) 624-5600 to have an application mailed to you. Complete an application and submit it by December 1, with any required proof, to your local municipality. The municipality will review and approve or deny your application.

## How does the Program work?

Once you have applied and are approved to participate in the Program, the property tax billed to you for the next tax year will be frozen at the amount you were billed in the previous tax year. You must file a new application each year by December 1 in order to maintain that stabilized tax amount.

For example, if you apply by December 1, 2022 and qualify for the Program, the amount of tax billed to you for the April 1, 2023 tax year will be the same as the amount billed to you for the April 1, 2022 tax year. As long as you continue to qualify and to file timely annual renewal applications, the amount you are billed each subsequent year will be frozen at the amount billed for the April 1, 2022 tax year.

The State will reimburse your municipality for the difference between the amount billed to you and the tax that would otherwise be due.

## Frequently asked questions

### *1. Are there income or other limits on who can participate in the Program?*

There are no income or asset limitations to participate. As long as you meet the age, residency, and ownership qualifications, and timely file your application, you are eligible.

### *2. What happens if I forget to file my renewal application?*

Once you are in the Program, if you fail to timely file an application one year, the bill for the next tax year would revert to the “normal” amount of tax. You can apply again the following year, but your new stabilized amount would reset to the missing year’s normal tax amount.

*3. What happens if I move or change my homestead?*

If you move to a new homestead in a different municipality, you must request that your old municipality notify your new municipality that you are participating in the Program and your stabilized tax amount. In addition, you will need to file a new application with your new municipality.

*4. What happens if the tax assessed on my homestead goes down?*

If the tax assessed for a given year is less than your stabilized amount, you will be billed for the lower amount. If you continue to qualify and file timely applications in subsequent years, your tax will be stabilized at that new, lower amount.

*5. What if I no longer wish to participate in the Program?*

The Program requires annual applications in order to continue participating. If you no longer wish to participate, you can simply not file an application and your homestead will revert to being assessed as it would normally be for that (and subsequent) tax years.

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