



MAINE REVENUE SERVICES PROPERTY TAX DIVISION BULLETIN NO. 7

TAX EXEMPTIONS FOR VETERANS

REFERENCE: 36 M.R.S. § 653
December 30, 2020; replaces January 11, 2019 revision

1. Definitions

- A. Certified ratio. “Certified ratio” means the level of municipal assessed value expressed as a percentage, relative to market value as certified by the assessor pursuant to 36 M.R.S. § 383.
- B. Cooperative housing corporation. “Cooperative housing corporation,” as defined in 36 M.R.S. § 653(2)(A), means an entity organized for the purpose of owning residential real estate in which residents own shares that entitle them to inhabit a designated space within a residential dwelling.
- C. Federally recognized war period. “Federally recognized war period” means:
- (1) World War I – April 6, 1917, through November 11, 1918;
 - (2) World War I (service in Russia) – April 6, 1917, through March 31, 1920;
 - (3) World War II – December 7, 1941, through December 31, 1946;
 - (4) Korean Conflict – June 27, 1950, through January 31, 1955;
 - (5) Vietnam Era – February 28, 1961, through May 7, 1975. While federal law (See 38 U.S.C. § 1501 and 38 CFR § 3.2) recognizes the period from February 28, 1961, through August 4, 1964, as a war period only for those veterans who served in the Republic of Vietnam, Maine’s property tax exemption applies to any veteran who served during the period February 28, 1961, to May 7, 1975, regardless of where that veteran served;
 - (6) Persian Gulf War – August 2, 1990, through the date that the United States Government recognizes as the end of the Persian Gulf War. The Persian Gulf War includes, but is not limited to, Operation Enduring Freedom, Operation Iraqi Freedom, and Operation New Dawn; and
 - (7) Other Maine Recognized Service Periods:
 - a. August 24, 1982, through July 31, 1984; and
 - b. December 20, 1989, through January 31, 1990.

- D. Legal resident. “Legal resident” means an individual who is a resident of Maine and whose permanent residence is in the municipality in which a veteran exemption is claimed.
- E. Just value. “Just value” means market value, i.e., the amount in cash that could reasonably be expected to be paid by an informed buyer to an informed seller for a property, each acting without compulsion in an arm’s-length transaction.
- F. Municipal assessed value. “Municipal assessed value” means the property value established by the assessor for purposes of local property taxation. Municipal assessed value may be equal to, higher than, or lower than just value.
- G. Municipality. “Municipality” means any city, town, plantation, or that portion of a county in the unorganized territory (UT).
- H. Property. “Property” means real estate and personal property, including property held in joint tenancy by a qualifying veteran and the qualifying veteran's spouse and property held in a revocable living trust for the benefit of the qualifying veteran, qualifying spouse, qualifying child, or qualifying parent.
- I. Qualifying child. “Qualifying child” means a minor child of a deceased veteran who:
- (1) Is a legal resident of Maine;
 - (2) Files an application with the assessor of the municipality in which the child resides;
 - (3) Is under the age of 18; and
 - (4) Receives a pension or compensation from the federal government as the minor child of a veteran or whose veteran parent would have been eligible for an exemption under 36 M.R.S. § 653, if alive.
- J. Qualifying parent. “Qualifying parent” means a widowed parent of a deceased veteran who:
- (1) Is a legal resident of Maine;
 - (2) Files an application with the assessor of the municipality in which the widowed parent resides;
 - (3) Has not remarried and was not divorced at the time of death of the other parent;
 - (4) Is at least 62 years old; and
 - (5) Receives a pension or compensation from the federal government based on the service-connected death of the veteran as the veteran’s widowed parent.
- K. Qualifying shareholder. “Qualifying shareholder,” as defined in 36 M.R.S. § 653(2)(B), means a person who is a shareholder in a cooperative housing corporation and who would qualify for a veteran exemption if that person were the owner of the property.

L. Qualifying spouse. “Qualifying spouse” means the widowed spouse of a deceased veteran who:

- (1) Is a legal resident of Maine;
- (2) Files an application with the assessor of the municipality in which the widowed spouse resides;
- (3) Was married to the veteran at the time of the veteran's death and has not remarried; and
- (4) Receives a pension or compensation from the federal government as the widowed spouse of a veteran who would have been eligible for an exemption under 36 M.R.S. § 653, if alive.

M. Qualifying veteran. “Qualifying veteran” means any person who served on active duty in the Armed Forces of the United States and who was discharged, retired, or separated under other than dishonorable conditions. In most cases, the U.S. Department of Veterans Affairs (“VA”) considers the categories of “honorable discharge” and “discharge under honorable conditions” (or “general discharge”) as qualifying for discharge under other than dishonorable conditions. A qualifying veteran must meet one of the following four criteria:

- (1) Have served during any federally recognized war period or other recognized service periods – see Section 1(C);
- (2) Have been awarded the Armed Forces Expeditionary Medal;
- (3) Have served as a member of the American Merchant Marine in Oceangoing Service between December 7, 1941, and August 15, 1945; or
- (4) Have become totally disabled from an injury or disease incurred or aggravated during active military service in the line of duty and is receiving any form of pension or compensation from the federal Government for total, service-connected disability. A veteran receiving compensation as unemployable at the 100% level is considered totally disabled.

In addition, a qualifying veteran must:

- (1) Be a resident of Maine;
- (2) File an application with the assessor of the municipality in which the veteran resides; and
- (3) Meet one of the following:
 - a. Be at least 62 years old by April 1 of the year for which exemption is requested;
 - b. Receive a pension or compensation from the federal government for total disability, either service- or non-service-connected, as a veteran; or

- c. Receive a pension or compensation from the federal government for total disability because of injury or disease incurred or aggravated during active military service in the line of duty or because of unemployability.

2. Exemption for a Qualifying Veteran

- A. In general. Property owned by a qualifying veteran is exempt from property tax for up to \$6,000 of just value, in the municipality where the veteran is a legal resident.
- B. Paraplegic veteran. If a qualifying veteran is paraplegic, that veteran is eligible for an exemption from property tax for up to \$50,000 of just value for a specially adapted housing unit in the municipality where the veteran is a legal resident. To qualify for this larger exemption, the veteran must be a paraplegic veteran, within the meaning of 38 United States Code § 2101, and have received a grant from the VA for specially adapted housing.

3. Exemption for a Qualifying Spouse

- A. In general. Property owned by a qualifying spouse is exempt from property tax for up to \$6,000 of just value in the municipality where the qualifying spouse is a legal resident. The exemption increases to \$7,000 for the qualifying spouse of a deceased veteran who served during World War I.
- B. Qualifying spouse of a paraplegic veteran. If an individual is the qualifying spouse of a paraplegic veteran, that qualifying spouse is eligible for an exemption from property tax for up to \$50,000 of just value in the municipality where the qualifying spouse is a legal resident. To qualify for the larger exemption, the spouse must meet the requirements, except for the requirement under Section 1(L)(4) above, of a qualifying spouse and be the widowed spouse of a paraplegic veteran within the meaning of 38 United States Code, Chapter 21, section 2101, who received a grant from the VA for specially adapted housing.

4. Exemption for a Qualifying Child

Property owned by a qualifying child of a deceased veteran is exempt from property tax for up to \$6,000 of just value in the municipality where the child is a legal resident.

5. Exemption for a Qualifying Parent

Property owned by a qualifying parent of a deceased veteran is exempt from property tax for up to \$6,000 of just value in the municipality where the parent is a legal resident.

6. Exemption for a Cooperative Housing Corporation

A cooperative housing corporation is entitled to an exemption against the value of property of the corporation occupied by qualifying shareholders. A qualifying shareholder must file an application

with the cooperative housing corporation and the corporation must file an application with the assessor of the municipality on behalf of all qualifying shareholders. The corporation's application for exemption must include a list of all qualifying shareholders, any information required by the municipality to verify eligibility of qualifying shareholders and the applicable exemption amount. Notwithstanding the application process in Section 7, a cooperative housing corporation must update its application annually to reflect changes in eligibility. The exemption is equal to the total amount that the qualifying shareholders would have claimed if they were owners of the property, up to \$7,000 for each qualifying shareholder, or \$50,000 if qualified under 36 M.R.S. § 653(1)(D-1).

A cooperative housing corporation that receives an exemption pursuant to this section must apportion the property tax reduction resulting from the exemption among the qualifying shareholders according to the proportion of the total exemption that each qualifying shareholder would be entitled to if the qualifying shareholder were the owner of property. Any supplemental assessment resulting from disqualification for exemption must be applied in the same manner against the qualifying shareholders for whom the disqualification applies.

7. Application

An applicant for the veteran exemption must file an application with the assessor of the municipality in which the applicant resides. The applicant must furnish proof of entitlement for the exemption by April 1 of the year the applicant first requests an exemption. Once the veteran or other qualifying individual receives an exemption, an annual application for exemption is not necessary unless specifically requested by the assessor.

Another person, such as a parent or legal guardian, may make a claim on behalf of a qualifying child.

A municipal assessor may make an abatement of taxes related to an applicable veteran exemption on written application within one year of commitment, provided that both a qualifying spouse or a qualifying child has not made a claim by the April 1 deadline and the related veteran died during the 12-month period preceding April 1 for which the tax was committed. 36 M.R.S. § 841(4).

An application for the veteran exemption, including proof of entitlement, is confidential and will not be available to the public. 36 M.R.S. § 653(1)(G).

8. Proof of Entitlement

The following items are generally sufficient proof of entitlement.

- A. A copy of the applicant's birth certificate if the claim is based on age.
- B. A copy of the veteran's Report of Separation (usually DD Form 214, Certificate of Release, or Discharge from Active Duty).
- C. A copy of the certificate or letter from the VA or other federal agency stating that the applicant receives compensation or a pension from the federal government as a veteran or widow/widower of a veteran. For explanation of the certificate furnished by the VA (formerly VA Form 20-5455 or 20-5455a), see Section 9 below. If this certificate or letter is not available,

the applicant may provide other proof of payment for total disability or service-connected disability.

- D. A copy of a letter from the appropriate federal agency stating that a qualifying spouse, qualifying child, or qualifying parent receives a pension from the federal government based on the death of a veteran.
- E. A copy of the letter from the VA or other federal agency verifying the paraplegic veteran applicant received a grant from the federal government for specially adapted housing.

In certain cases, the assessor may ask for additional documentation.

9. VA Statement from Benefit Payment Records

A. Explanation of Codes.

Assessors should refer to the code number used by the VA. The code number will be either 1, 2, or 3.

Code #1 indicates that the veteran receives compensation for a 10% to 90% service-connected disability. The veteran in this case is **not** entitled to tax exemption because of disability.

Code #2 indicates that the veteran (or qualifying spouse) receives compensation for total service-connected disability. The veteran in this case meets the service-related pension or compensation requirement.

Code #3 indicates that the veteran (or qualifying spouse) receives a non-service-connected pension due to total disability. The veteran in this case meets the non-service-connected pension or compensation requirement.

Questions about the coding on this form may be answered by contacting:

**U.S. Department of Veterans Affairs
Togus Regional Benefit Office
Attn: Jaime Robichaud
1 VA Center
Augusta, Maine 04330
(207) 623-8411 ext. 5228
jaime.robichaud@va.gov**

10. Amount of Exempt Value

To determine the municipal assessed value of the exemption, the assessor must multiply the total amount of the allowable exemption by the certified ratio as entered on the assessor's annual Municipal Valuation Return. In cases where a municipality's certified ratio is higher or lower than 100%, the municipal assessed value of an exemption will be higher or lower than the limits stated above.

When a qualifying veteran dies without a will and leaves property, any qualifying spouse and minor children are jointly entitled to only a single exemption of up to the appropriate exemption amount, but no more than the municipal assessed value of the property.

11. Exemption Limitations

An individual is not entitled to a benefit under more than one of the exemptions covered in this bulletin in any one year.

Exemptions apply only to property, or the interest in property, taxable in the place of the applicant's legal residence. Property must be owned by an applicant, owned by an applicant and the applicant's spouse in joint tenancy, or held in a revocable living trust for the benefit of the applicant.

Property conveyed to another person to obtain a veteran exemption will not qualify for a veteran exemption, unless the property is conveyed between spouses.

A person who fraudulently obtains a veteran exemption under 36 M.R.S. § 653 will be subject to a fine of up to \$100 or twice the amount of taxes evaded, whichever is greater.

NOTE: This bulletin is intended solely as advice to assist persons in determining, exercising or complying with their legal rights, duties or privileges. If further information is needed, contact the Property Tax Division of Maine Revenue Services.

MAINE REVENUE SERVICES
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