



MAINE REVENUE SERVICES PROPERTY TAX DIVISION BULLETIN NO. 34

STATE PROPERTY TAX DEFERRAL PROGRAM

REFERENCE: 36 M.R.S. §§ 6250 through 6266
September 22, 2025; NEW

1. General

The Deferred Collection of Homestead Property Taxes Program, also known as the State Property Tax Deferral Program (“Deferral Program”), is a State program that allows certain taxpayers to defer the payment of property taxes on their homestead. While participating in the Deferral Program, the State will pay the property taxes, including up to two years of delinquent taxes, on the homestead of participating taxpayers each year until the taxpayer withdraws or is disqualified from the Deferral Program. Following withdrawal or disqualification, the taxpayer, or their estate or heirs, must repay the total deferred taxes plus interest and costs.

This bulletin only covers the State Property Tax Deferral Program. This bulletin does not cover either of the two optional municipal programs: the Municipal Property Tax Deferral for Senior Citizens Program under 36 M.R.S. § 6271 or the Municipal Partial Deferral of Property Taxes for Senior Program under 36 M.R.S. § 6235. For more information regarding either of these optional municipal programs, contact your municipality.

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 (“MRS”).

2. Definitions

- A. Delinquent taxes. “Delinquent taxes” or “delinquent property taxes” means any ad valorem taxes, assessments, fees and charges entered on the assessment and tax roll that have not been paid in full by the date those taxes, assessments, fees and charges have become due.
- B. Disability. “Disability,” as defined in 36 M.R.S. § 6250(2-A), means a permanent and total impairment or condition that prevents an individual from being employed as determined by an agency of this State or of the Federal Government or pursuant to routine technical rules adopted by the State Tax Assessor.
- C. Fee simple. “Fee simple” means a status of property ownership where a person or persons possess all the rights to a property without limitation.
- D. Homestead. “Homestead,” as defined in 36 M.R.S. § 6250(3), means the owner-occupied

principal dwelling owned by the taxpayer and up to 10 contiguous acres upon which it is located. If the homestead is located in a multi-unit building, the homestead is the portion of the building actually used as the principal dwelling and its percentage of the value of the common elements and of the value of the tax lot upon which it is built. The percentage is the value of the unit consisting of the homestead compared to the total value of the building exclusive of the common elements, if any. "Homestead" includes the taxpayer-occupied principal dwelling and up to 10 contiguous acres upon which it is located that is held in a revocable living trust for the benefit of the taxpayer.

- E. Income. The taxpayer's "income" for purposes of the Deferral Program is determined under 36 M.R.S. § 5219-KK(1)(D), which provides how to calculate income for the Property Tax Fairness Credit. For additional information on what constitutes income, see MRS guidance on the Property Tax Fairness Credit, available at www.maine.gov/revenue/taxes/tax-relief-credits-programs/income-tax-credits/property-tax-fairness-credit. Note that the Deferral Program application also lists the types of items that are considered income under the Deferral Program.
- F. Liquid asset. "Liquid asset," as defined in 36 M.R.S. § 6250(3-A), means something of value available to a taxpayer that can be converted to cash in 3 months or less and includes: bank accounts, certificates of deposit, money market and mutual funds, life insurance policies, stocks and bonds, and lump-sum payments and inheritances.

For purposes of the Deferral Program, liquid assets do not include real estate, vehicles, or the assets underlying qualified retirement accounts.

- G. Municipality. "Municipality," as defined in 36 M.R.S. § 6250(3-B), means a city, town, plantation, or the unorganized territory.
- H. Tax-deferred property. "Tax-deferred property," as defined in 36 M.R.S. § 6250(4), means the property upon which taxes are deferred through the Deferral Program.
- I. Taxes. "Taxes" or "property taxes," as defined in 36 M.R.S. § 6250(5), mean ad valorem taxes, assessments, fees and charges entered on the assessment and tax roll.
- J. Taxpayer. "Taxpayer," as defined in 36 M.R.S. § 6250(6), means an individual who has filed a claim for deferral under the Deferral Program; or individuals who have jointly filed a claim for deferral under the Deferral Program.

For purposes of the Deferral Program, the following persons may act on behalf of an otherwise qualified taxpayer: a guardian, conservator, agent under a power of attorney or pursuant to a protective arrangement or any other lawful order who has been appointed for a taxpayer, or the trustee of a revocable inter vivos trust if that trust was created by a taxpayer who is both the trustor and a beneficiary of the inter vivos trust.

- K. Tax year. "Tax year" means the period from April 1 to March 31 on which property taxes are based.

3. Program Eligibility

To be approved to participate in the Deferral Program, a taxpayer must, by April 1, be an eligible individual and must own eligible property.

A. Individual eligibility.

- (1) A taxpayer must be either 65 or older, or unable to work due to a disability. For applications that include multiple owners, only one owner must be 65 or older, or unable to work due to a disability.
- (2) A taxpayer's income during the previous calendar year must be less than \$80,000. For applications that include multiple owners, the combined income of all owners during the previous calendar year must be less than \$80,000.
- (3) A taxpayer's liquid assets must be less than \$100,000. For applications that include multiple owners, the combined liquid assets of all owners must be less than \$150,000.
- (4) A taxpayer must own their homestead in fee simple. In other words, there must be no restrictions on their ability to sell or dispose of the property. A taxpayer purchasing the fee simple estate of the homestead under a recorded instrument of sale with their spouse meets the requirement of fee simple ownership. In addition, two or more individuals, even if not related, who own or are purchasing the fee simple estate of the homestead under a recorded instrument of sale may also meet the requirement of fee simple ownership as long as the property is owned with rights of survivorship and all the owners live in the homestead.

Taxpayers who have placed their homestead in a revocable living trust with themselves as the beneficiary also meet the fee simple requirement.

Taxpayers who have deeded their homestead to an irrevocable trust or who own a life estate in the homestead do *not* meet the fee simple ownership requirement and are not eligible for the Deferral Program.

B. Property eligibility.

- (1) The taxpayer's homestead must be receiving a Homestead Property Tax Exemption under 36 M.R.S. §§ 681 - 689.
- (2) The taxpayer's homestead must not be participating in a municipal property deferral program. This includes the Municipal Property Tax Deferral for Senior Citizens program under 36 M.R.S. § 6271 and the Partial Deferral of Property Taxes for Seniors program under 36 M.R.S. § 6235.
- (3) There must be no prohibition to the deferral of taxes in federal law, rules, or regulations. Federal rules, for example, prevent properties that are subject to a home equity conversion mortgage, i.e., a reverse mortgage, that is insured by the Department of Housing and Urban Development from participating in the Deferral Program.

- (4) The taxpayer owes no more than two years of delinquent property taxes on the homestead, even if there is a lien on the property for those taxes. The taxpayer's homestead must not be encumbered by any municipal liens that are not based on delinquent property taxes, such as a municipal utility lien.
 - a. The property is not ineligible for the Deferral Program if there are less than two years of delinquent property taxes owed on the homestead, regardless of whether the property is encumbered by municipal tax liens based on those delinquent taxes.

4. Application Process

To apply for the Deferral Program, taxpayers must file a completed application between January 1 and April 1 with the assessor of the municipality where their homestead is located. Taxpayers whose homesteads are in the unorganized territory must file their applications with the MRS Property Tax Division during the same period. Applications must include information on the homestead, the owners, and certain other information as required to determine eligibility for the Deferral Program. The Deferral Program application form is available on the MRS website at www.maine.gov/revenue/tax-return-forms/property-tax, and should also be available through a taxpayer's municipality.

Once an assessor receives an application from a taxpayer, the assessor must verify certain information on the application and submit it to MRS within 30 days. MRS may request additional information from a taxpayer or a taxpayer's municipality to confirm eligibility for the Deferral Program. Pursuant to 36 M.R.S. § 191, an application and the information contained within an application are confidential and not public records as defined in 1 M.R.S. § 402(3). Municipal assessors may not retain copies of a taxpayer's application once it has been forwarded to MRS.

- A. Approval and denial. Once a municipal assessor forwards an application to MRS, MRS will review and approve or deny a taxpayer's application. If MRS determines that a taxpayer is not eligible to participate in the Deferral Program, MRS will send the taxpayer a notice of the denial via mail. If MRS determines that a taxpayer is eligible to participate in the Deferral Program, MRS will notify the taxpayer that they have been approved via mail. Once approved, taxpayers do not need to reapply for the following year(s) unless they have withdrawn or are disqualified.
- B. Appeals. Taxpayers may appeal MRS's denial of an application to the State Board of Property Tax Review within 60 days of receipt of the denial notice. More information regarding appeals can be found at www.maine.gov/dafs/boardproptax/appeals.

Each year, MRS will notify the assessor in the taxpayer's municipality if the taxpayer and the taxpayer's homestead have been approved to participate in the Deferral Program. Assessors must note in the commitment book which accounts are enrolled in the Deferral Program based on the information provided by MRS each year.

5. Deferral

If a taxpayer is approved to participate in the Deferral Program, MRS will pay to the municipality any delinquent property taxes of up to two tax years owed by the participating taxpayer, and satisfy the property taxes due on a participating taxpayer's homestead for the tax year beginning April 1 following the application. The participating taxpayer's municipality must discharge any municipal property tax liens on the taxpayer's homestead once MRS has paid the municipality for any taxes the liens were based on.

MRS will place a lien on the taxpayer's homestead. Each year the taxpayer participates in the Deferral Program, MRS will pay to the municipality the taxpayer's municipal property taxes. Those taxes, plus interest and costs will accrue as a balance with the State, secured by the State lien on the homestead.

The State lien will remain encumbered against the homestead until the total balance due to the State is paid, regardless of sale or transfer of ownership. However, the State lien will not mature until after a taxpayer has withdrawn or is fully disqualified from the Deferral Program.

NOTE: The State will only satisfy the property taxes due on a participating taxpayer's homestead, which includes the taxpayer's principal dwelling and up to ten contiguous acres upon which the principal dwelling is located. Participating taxpayers remain responsible for paying property taxes on any portion of the property beyond ten contiguous acres, and on that portion of the taxpayer's property that is not used as the taxpayer's principal dwelling, such as commercial properties or other dwellings on the property.

- A. Interest and costs. The outstanding balance owed to the State accrues interest each year. This interest must be paid to the State when the participating taxpayer withdraws or is disqualified from the Deferral Program. Interest accrues at the general rate set by statute for delinquent taxes, minus one percentage point. Maine's general rate can be accessed at www.maine.gov/revenue/tax-return-forms/interest-rates.

Certain costs associated with participating in the Deferral Program also accrue and are added to the taxpayer's outstanding balance. These may include, but are not limited to, lien filing fees. As with the tax and interest, costs must be paid to the State when a participating taxpayer withdraws or is disqualified from the Deferral Program.

- B. Voluntary payments. Taxpayers may make a payment towards their balance without affecting their eligibility for the Deferral Program. Voluntary payments are applied first against accrued interest. Any payment in excess of accrued interest is applied against the deferred taxes.

A taxpayer's spouse, children, next of kin, heirs, a person with legal claim to the homestead, or a person making a gift to the participating taxpayer may also make a payment towards the outstanding balance on a taxpayer's behalf. However, the taxpayer may object to any payment made by another person within 30 days of being notified that the payment was made. Payment towards the balance by a person other than the participating taxpayer does not give the payor any interest in the property or any claim against the estate unless the participating taxpayer has agreed to such an arrangement.

- C. Notices. On or before December 15 each year, MRS will send participating taxpayers a notice that explains the amount of property taxes that were deferred during the current assessment year; the total amount of deferred taxes, interest, and costs that remain unpaid; and any other information that MRS may deem important, including the taxpayer's right to make a payment towards the balance of the State lien or withdraw from the Deferral Program at any time.

Participating taxpayers may also receive other notices from MRS, such as notice that the taxpayer or another person has made a payment towards the balance of the State lien, notice that the participating taxpayer has been disqualified from the Deferral Program, or a notice providing the participating taxpayer with other important information.

6. Withdrawal, Disqualification, and Repayment

If a taxpayer no longer wishes to participate in the Deferral Program, the taxpayer may withdraw from the Deferral Program at any time. When the taxpayer withdraws from the Deferral Program, the outstanding balance, which includes the unpaid tax plus interest and costs, must be repaid within a specified timeframe (see Section 5(D) and (E) below).

Taxpayers can also be partially or totally disqualified from the Deferral Program if certain events take place.

- A. Partial disqualification events. A partial disqualification event precludes a participating taxpayer from deferring taxes for assessment years following the partial disqualification event, but allows them to continue deferring taxes for past assessment years. Partial disqualification events include:
- (1) if a participating taxpayer retains ownership of the homestead but no longer owns it in fee simple, such as if the taxpayer's homestead is foreclosed by a bank;
 - (2) if there is a federal prohibition placed on a participating taxpayer's homestead that prevents them from deferring property taxes;
 - (3) if a participating taxpayer is accepted into a municipal property tax deferral program; and
 - (4) if a participating taxpayer's homestead is encumbered by a municipal lien.

If a partial disqualification event occurs, MRS will notify the participating taxpayer by certified mail. After a partial disqualification event, a taxpayer must pay the property taxes due on their homestead for current and future assessment years. However, the taxpayer may continue to defer past taxes until they withdraw from the Deferral Program, or a total disqualification event occurs.

- B. Total disqualification events. A total disqualification event precludes a participating taxpayer from continuing to defer taxes from previous and current assessment years, and precludes the participating taxpayer from deferring property taxes for future assessment years. When a total disqualification event occurs, the taxpayer, or their estate or heirs, must pay to the State the unpaid balance of the State lien, equal to the unpaid taxes plus interest and costs, within a specified timeframe (see Section 5(D) and (E) below). Total disqualification events include:

- (1) if a participating taxpayer dies;
- (2) if a participating taxpayer sells or transfers ownership of their homestead;
- (3) if the homestead is no longer a participating taxpayer's primary residence, unless they are away for health reasons; and
- (4) if a taxpayer physically moves their homestead out of the State, such as for a mobile or floating home.

If a total disqualification event occurs, MRS will satisfy a participating taxpayer's property taxes for the assessment year in which the total disqualification event occurred. The amount paid, plus interest and costs, will be added to the balance owed to the State. MRS will then notify the participating taxpayer, or their estate or heirs, of the total disqualification by certified mail. The notice will list the outstanding balance owed to the State and specify the timeframe when it must be paid.

C. Spouse of totally disqualified taxpayer. The spouse of a taxpayer who has been totally disqualified may continue to defer past, current, and future taxes if:

- (1) the spouse is or will be 65 years or older within six months of the total disqualification event;
- (2) the spouse meets all other individual eligibility requirements; and
- (3) the spouse's homestead meets all property eligibility requirements.

The spouse of the disqualified taxpayer must file an application for the Deferral Program between January 1 and April 1 of the year following the year in which the total disqualification event occurred with the assessor of the municipality where the spouse's homestead is located. For taxpayers in the unorganized territory, the spouse must file their application with MRS Property Tax Division during the same period.

If the spouse does not meet the age or disability requirements, but the spouse's homestead remains otherwise eligible to participate in the Deferral Program (see Section 3(B) above), the spouse may elect to continue deferring property taxes from past assessment years as if they were partially disqualified by filing an application with the municipal assessor, or the State Tax Assessor if in the unorganized territory. If a spouse fails to file an application before April 1, the spouse may file the application within 90 days after having been mailed notice of their property tax bill, subject to MRS approval.

If the spouse meets the age or disability requirements at a later date, the spouse may elect to defer property taxes from the current and future assessment years by filing another application as described above.

D. Repayment. Except as described in Section 5(E) below, the outstanding balance owed to the State, including the unpaid deferred taxes plus interest and costs, must be paid within 12 months of a total disqualification event or withdrawal by the taxpayer. Payments must be made to MRS. When the outstanding balance is paid in full and the homestead is no longer participating in the

Deferral Program, MRS will discharge the State lien.

- E. Exceptions to 12-month repayment. If a mobile or floating home enrolled in the Deferral Program is removed from the state, the outstanding balance owed to the State, including the unpaid deferred taxes plus interest and costs, must be paid no later than five days before the homestead is removed.

If a participating taxpayer is totally disqualified from the Deferral Program because they died, the heirs or devisees of the homestead may request from MRS an extension for repayment of the balance owed the State. MRS may grant the extension if:

- (1) the homestead transfers in ownership to the heirs or devisees by means of inheritance or settlement of the estate;
- (2) the heirs or devisees occupy the property as a principal residence within 12 months of the death; and
- (3) the heirs or devisees apply for an extension within 12 months of the death.

Interest continues to accrue on the deferred taxes during any approved extension. Extensions may not exceed six years in total length. The extension period terminates and the outstanding balance becomes due if the homestead is sold or ownership is transferred, the heirs or devisees no longer occupy the homestead, or the homestead is removed from the state, such as for a mobile or floating home.

- F. Failure to repay. If the taxpayer, or their estate or heirs, does not fully repay the outstanding balance owed to the State, which includes the unpaid deferred taxes plus interest and costs, within 30 days of the specified repayment date, and the taxpayer has not been granted an extension; MRS will file a tax lien certificate in the county where the homestead is located. If the taxpayer or their estate or heirs has not paid the outstanding balance within 12 months of the filing of the tax lien certificate, the tax lien automatically forecloses, and the State takes title to the homestead. Once the State takes title to the homestead, the homestead may be sold to recover the unpaid balance owed the State and any costs associated with the sale.

7. Responsibilities of Municipal Officials

- A. Municipal tax assessor. Assessors are responsible for accepting applications from taxpayers between January 1 and April 1 each year. Within 30 days of receiving an application, the assessor must verify certain information on the taxpayer's application. This process may include, for example: requesting identification to ensure a taxpayer's date of birth; reviewing a taxpayer's property record card to confirm the property's eligibility; reviewing information in the Commitment Book to verify whether a property receives the Homestead Property Tax Exemption; reviewing municipal records to determine whether a taxpayer's property has any existing municipal liens against it; inspecting the deed of a taxpayer's property; or examining other documents. Once information on the application is verified, the assessor must forward it to MRS with any affiliated documents, such as the taxpayer's property record card or copies of any municipal tax liens. Municipal assessors may not retain copies of taxpayers' applications once they have been forwarded to MRS.

MRS will notify assessors which taxpayers and corresponding homesteads have been approved to participate in the Deferral Program within 30 days of having received an application. Assessors must label the accounts of taxpayers approved to participate in the commitment book each year using the information provided by MRS.

While a taxpayer is participating in the Deferral Program, the assessor must immediately notify MRS if they become aware of a change in the taxpayer's status that may affect their ongoing eligibility for the Deferral Program. This may include but is not limited to the listing, sale, or transfer of a homestead; the death of a participating taxpayer; the removal of a Property Tax Homestead Exemption from a homestead; or enrollment of a homestead in a municipal property tax deferral program.

- B. Municipal tax collector. Tax collectors will be informed which accounts are participating in the Deferral Program through the commitment book. Tax collectors must cease collecting taxes from the accounts of a participating taxpayer when MRS pays the total property taxes owed by the taxpayer. Tax collectors should continue to collect property taxes for any portion of a participating taxpayer's property that is not enrolled in the Deferral Program. This may include, for instance, any portion of the taxpayer's property that exceeds ten acres.

If MRS has paid the delinquent property taxes of a participating taxpayer, the tax collector must release the taxpayer from any liens based on those delinquent taxes. Tax collectors must send copies of the lien release notices and related documents to MRS.

Tax collectors are responsible for submitting the Municipal Property Tax Report ("Municipal Report") to MRS within 30 days of commitment. Tax collectors can submit the Municipal Report to MRS via mail. The Municipal Report is available at www.maine.gov/revenue/tax-return-forms/property-tax. Tax collectors may also file the Municipal Report through the Maine Tax Portal, at www.revenue.maine.gov. The completed Municipal Report must include the name and tax account information of participating taxpayers; documentation relating to any participating taxpayers' delinquent taxes or liens based those taxes; and copies of each participating taxpayer's annual tax bill subject to reimbursement. MRS will pay to municipalities the sum of all participating taxpayers' delinquent and deferred taxes within 60 days of having received the completed Municipal Report.

While a taxpayer is participating in the Deferral Program, tax collectors must immediately notify MRS if the tax collector becomes aware of a change in the participating taxpayer's status that may affect their ongoing eligibility for the Deferral Program. This may include but is not limited to the homestead being encumbered by a municipal lien, such as a municipal utility lien or municipal tax lien; or the homestead being enrolled in a municipal property tax deferral program.

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(Published under Appropriation No. 1037.1)