

Administration

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MEMORANDUM

TO: Mayor Lovell and City Council
FROM: Kevin L. Sutherland, City Administrator
DATE: October 15, 2019
RE: **Administrative Update**

Multi-family Dwelling Units

As of end of day October 8th, we had:

- 1339 Individual units expected to register
- 796 Currently registered
- 69 In progress

Reminder letters have gone out to the owners that have not registered yet, and staff have waived any penalty fees for late registration through the month of October as the registration process is new and we don't want people to feel this program is starting out on a punitive note, as that's not the intent of this program.

Several factors that set our program apart from others are the inspections happening on a 5 year cycle; only being charged the inspection fee during the inspection year; our willingness to allow the property owner to pick a date or time of day that is convenient for them; and the way we are structuring our repair requirements in regards to timeline and complete transparency in our notifications.

The positive comments have ranged everywhere from "it's about time" to "well at least it should help lower my insurance rate". We had one couple volunteer to be first because they genuinely believe in this program, the need, and the effectiveness of inspection programs such as this one.

As far as current findings; we are finding a lot of electrical hazards, ranging from hot wires left uncapped and unenclosed, loose outlets, to issues with the casings of risers from meter banks being broken, exposing the feeder lines. Early notification detectors for smoke/fire as well as carbon monoxide are often missing or in locations that, due to the way smoke travels, ineffective. We've found multiple plumbing issues that leave the tenants at risk of back gassing from the septic lines; issues with holes in floors creating chase ways from the basement to the attic, and venting issues for dryers. In addition to those building fails, we have found some exits blocked by tenants, inappropriate use of extension cords in a way that pose a fire risk. The response to these findings by these owners have generally been the expected combination of concern for cost of repair,

concern about the amount of time they will have to make the repairs due to the scheduling issues facing those needing licensed help (which we alleviate on site), but the largest response has been relief that these issues were found before they could pose a fire or safety risk to the property or the tenants.

Route 1 corridor odor complaints

The City of Saco Water Resource Recovery Department (WRRD) is aware of sewer odor concerns along the Route 1 corridor, from just north of the auto mile to the Ocean Park Road. Unfortunately, the creation of odor when transporting wastewater is, at times, problematic. The WRRD is working diligently alongside area businesses, as part of the Route 1 sewer extension, to take corrective measures to reduce odor emissions in this area.

Last week, as an initial step, staff installed an odor control scrubber at the Millbrook pump station located on Portland Road. The scrubber reduces odorous air emitting from that location. We ask for your patience as we work to solve this issue as timely as possible.

Chapter 175 – Senior Tax Relief

Attached to this update is a memo from Mary Starr outlining a few amendments (also attached) that will be necessary for the final reading of Chapter 175. We will be preparing the packet to include an alternative motion to accept the revised version instead of the original.



CITY OF SACO, MAINE

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MEMORANDUM

To: City Council
From: Mary Starr, Senior Volunteer Coordinator
Date: October 8, 2019
Re: Chapter 175 – Senior Tax Relief Ordinance

At the September 16 City Council Meeting, there was a first reading of Chapter 175, the Senior Tax Relief Ordinance. Since that time, some substantial changes have been made to the document. After drafting the document, and upon further review of the new State Law (Chapter 159 S.P. 247 L.D. 811 “An Act To Provide Additional Flexibility in the Municipal Property Tax Assistance Programs for Seniors” that governs the program; I discovered that the state law eligibility requirements conflicted with our qualifications in Article II, §175-8 for the Senior Tax Assistance Match Program. In Article II, §175-8 of Chapter 175, only homeowners were eligible, but in the State Law, it was indicated that both homeowners and renters were allowed to take part in the program.

When the idea for the program originated at the Ad Hoc committee, it was suggested to Council that only homeowners would be able to participate in the program. I reviewed the State Law (Chapter 159 S.P. 247 L.D. 811) and consulted with MaryLou Kadlik, Glenys Salas and Kevin Sutherland regarding this issue. I gathered research from the Maine State Law Library to better understand the origins of the law. In addition, I consulted with the Maine Municipal Association Legal Department to ask for an interpretation of the law. After completing my research, I concluded that the state law does indicate that the Saco Senior Tax Assistance Match Program must be open to **both** homeowners and renters.

In addition, minor changes were made in § 175-4 and §175-9 (Application and Credit procedures). § 175-4 has been updated to indicate that all Senior Citizen Tax Work-Off participants will receive a W-2 form from the city, while in §175-9 it has been revised to indicate that all Senior Tax Assistance Match Program participants will receive a 1099 form from the City.

I have attached a draft of the updated document with changes highlighted for your review.

Thank you for your consideration.

Mary Starr, Senior Volunteer Coordinator

Chapter 175

SENIOR TAX RELIEF

ARTICLE I

Senior Citizen Tax Work-Off Program

- §175-1. Purpose.
- §175-2. Definitions.
- §175-3. Criteria for Participation.
- §175-4. Application and Credit Procedures.
- §175-5. Tax Work-Off Program.

ARTICLE II

Senior Tax Assistance Match Program

- §175-6. Purpose.
- §175-7. Definitions.
- §175-8. Qualifications.
- §175-9. Application and Credit Procedures
- §175-10. Senior Tax Assistance Match Program.

[**HISTORY: Adopted by the City Council of the City of Saco on:_____ . This ordinance replaces old ordinance Section 220 in its entirety, which was repealed with the enactment of this ordinance]**

GENERAL REFERENCES

ARTICLE I

Senior Citizen Tax Work-Off Program

§175-1. Purpose.

The payment of real property taxes is a significant challenge for senior citizens who are either fully retired or working less than regular hours. The purpose of this ordinance is to establish a program pursuant to Chapter 907-A of Title 36 of the Maine Revised Statutes to provide property tax assistance to qualifying persons who are homeowners in the City of Saco. To reduce the burdens of these taxes on these senior citizens, the City establishes the program whereby participants can perform vital municipal services in exchange for a reduction and off set in their real property tax bills.

§ 175-2. Definitions.

For the purposes of this Article, the following terms shall have the following meaning and definition:

HOMESTEAD: For purposes of this Ordinance, “homestead” shall have the similar meaning as defined in 36 M.R.S.A. § 5219-KK (1) (C). Generally, a homestead is a dwelling owned, (not rented), by the person seeking tax assistance under this Ordinance or held in a revocable living trust for the benefit of that person. The dwelling must be a permanent residence, occupied by that person and that person’s dependents as a home.

QUALIFIED PROPERTY: Real property located in and taxable by the City of Saco owned by a qualifying and participating Senior Citizen as their Homestead.

QUALIFYING APPLICANT: A Qualifying Applicant is a person who is determined, after review of a complete application under §175.3 and §175.4 of this ordinance, to be eligible to participate in the Tax Work-Off program.

QUALIFYING SPOUSE: The legal spouse of a Senior Citizen who is qualified for and participates in the Tax Work-Off Program.

WORK-OFF HOURS: The service time that a participant and their Qualifying Spouse (if applicable) perform. A certain number of hours are required to receive a property tax credit on the participant’s real property tax bill for a Qualified Property.

§ 175-3. Criteria for Participation

In order to participate in the Senior Citizen Tax Work-Off Program, an applicant must demonstrate the following:

- a. The Qualifying Applicant shall be at least 65 years of age at the time of application.
- b. The Qualifying Applicant and their Qualifying Spouse (if applicable) shall own a Qualified Property in the City as their homestead at the time of application and for the past three years.
- c. The Qualifying Applicant's household income cannot exceed the average Low-Income Limits (80%) for York County as published by the Federal Department of Housing and Urban Development.
- d. The Qualifying Applicant shall meet the application and eligibility criteria set forth in § 175-4 of this article.

§ 175-4. Application and Credit procedures

Persons seeking to participate in the Tax Work-Off Program shall submit an application to the Program administrator no later than April 1. 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 and shall include at minimum, the applicant’s name, homestead address, and contact information. Attached to all applications shall be proof of household income.

The City of Saco will establish the amount of property tax credit that will be provided to participants based on the number of service hours performed by the participant and their Qualifying Spouse (if applicable).

This amount will only be applied as a property tax credit against real property taxes for a Qualifying Property; no direct wages will be paid to any party. In no case shall the City's Tax Work-Off property tax credit exceed the property taxes assessed on any participant. Only one Tax Work-Off property tax credit per household is allowed.

In no event will any party be able to exceed the maximum offset credits established under the City's existing policy then in effect; any additional service hours are not applied to this program and will not result in any additional tax credit.

Participants are responsible for all federal and state tax reporting of property tax credit benefits that accrue to them from the program. Participants will receive a W-2 form from the city to assist with tax planning purposes.

§175-5. Tax Work-Off Program.

The City's Tax Work-Off Program shall be administered by a designee of the Human Resources Director and shall be governed by the ordinance established by the City Council. These policies may be amended from time to time.

The City does not guarantee, assure or promise acceptance into the Tax Work-Off Program for any party, and acceptance is not a promise or guarantee of any minimum number of service hours, or of offset credits that can be earned.

A participant in the City's Senior Tax Assistance Match Program (Article II) may not apply for or participate in this Tax Work-Off Program.

On or about May 1, the City Council will re-evaluate the program and determine the funding to be drawn from the tax commitment overlay for the ensuing fiscal year.

ARTICLE II

Senior Tax Assistance Match Program

§175-6. Purpose.

The purpose of this ordinance is to establish a program pursuant to Chapter 907-A of Title 36 of the Maine Revised Statutes to provide property tax assistance to qualifying persons who have a homestead in the City of Saco. For those eligible, the State of Maine refunds to the citizen a portion of funds paid as local property tax or rent. The City intends, by this Ordinance, to offer a partial matching credit to those individuals who qualify as homestead beneficiaries of the State of Maine Residents Property Tax Fairness Credit pursuant to Chapter 822 of Title 36 of the Maine Revised Statutes, as may be amended from time to time and who meet the criteria established by this Ordinance.

§175-7. Definitions.

HOMESTEAD: For purposes of this Ordinance, “homestead” shall have the similar 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 Ordinance or held in a revocable living trust for the benefit of that person. The dwelling must be a permanent residence, occupied by that person and that person’s dependents as a home.

HOMESTEAD EXEMPTION: The State of Maine property tax exemption for all individuals who have owned a permanent residence in Maine for twelve (12) months as of April 1. Established by the State of Maine pursuant to 36 M.R.S.A. §683, as may be amended from time to time.

SENIOR TAX ASSISTANCE MATCH PROGRAM: The program established by the City of Saco under this Ordinance, also referred to as the “Senior Tax Match Program.”

SENIOR TAX ASSISTANCE MATCH FUND: The special revenue fund established by the City of Saco under this Ordinance, also referred to as the “Senior Tax Match Fund.”

RENT CONSTITUTING PROPERTY TAXES: The amount of annual rent paid which constitutes property tax, as calculated by the State of Maine Property Tax Fairness Credit program.

QUALIFYING SENIOR CITIZEN: A person who meets the qualifications set forth in §175-8 and §175-9 and is determined to be eligible for a credit under the terms of this Ordinance.

STATE PROPERTY TAX FAIRNESS CREDIT PROGRAM: The program established by the State of Maine pursuant to 36 M.R.S.A. §5219-KK as may be amended from time to time.

§175-8. Qualifications.

To qualify for participation in the Senior Tax Assistance Match Program, an applicant must demonstrate all of the following:

- a. The applicant must reside full time in the homestead at the time of application and for the past 10 years continuously.
- b. Applicant shall be 70 years or older on or before April 1 of the program year.
- c. The applicant has received a tax refund under the provisions of the State of Maine Residents Property Tax Fairness Credit Program (36 M.R.S.A. 5219-KK).

Additionally, if the applicant is a property owner:

- d. The applicant has paid property taxes in full for the year in which the credit is requested.
- e. The applicant has applied for and received the Homestead Exemption for the year in which the credit is requested.

§175-9. Application and Credit Procedures.

Applications are required every year to participate in the Senior Tax Match Program. The program administrator will provide an application form for the program, which shall include, at a minimum, the applicants name, homestead address, and contact information. As part of the application to the City, the applicant shall authorize the City to seek documentation from Maine Revenue Services

of the proof and dollar amount of the State Property Tax Fairness Credit received by applicant. The program administrator determines if applicants are eligible to participate in the program and the administrator shall determine the total amount of such eligibility. Eligibility shall be the **lesser** of the following amounts.

- a. The amount of credit qualified for under the State Property Tax Fairness Credit program;
or
- b. A pro rata share of the available monies in the Senior Tax Match Fund based on the amount of one's State Property Tax Fairness Credit; or
- c. A credit of \$500.

In no case shall the City's offered credit for homeowners exceed the property taxes assessed and paid less the State Property Tax Fairness Credit. Only one qualifying applicant per homestead shall be entitled to payment under this Program each year.

The Program Administrator shall report to the City Council each year the projected amount of credits and the number of Qualifying Senior Citizens requesting assistance from the Senior Tax Match Fund. The City Council shall annually determine the number of recipients in the program.

Participants are responsible for all federal and state tax reporting of tax credit benefits that accrue to them from the program. Participants will receive an IRS Form 1099 from the City.

§175-10. Senior Tax Assistance Match Program.

The City's Senior Tax Assistance Match Program shall be administered by a designee of the Human Resources Director and shall be governed by policies established by the City Council. These policies may be amended from time to time.

A participant in the City's Tax Work-Off Program (Article 1) may not participate in or apply for the Senior Tax Assistance Match Program.

A person who qualifies for a credit under the program shall be mailed a check no later than December 31 of the year in which the application is submitted.

On or about May 1, the City Council will re-evaluate the program and determine the funding to be drawn from the tax commitment overlay for the ensuing fiscal year.