



# CITY OF SACO, MAINE

## CITY COUNCIL APPROVED CODE SUPPLEMENT

**Approved on October 21, 2019 with an effective date on November 20, 2019**

### **PROPOSED SENIOR CITIZEN TAX RELIEF ORDINANCE CHAPTER 175 – (FINAL READING)**

The payment of property taxes is a significant challenge for senior citizens who are either retired or working less than regular hours. In order to assist seniors in need, property tax credits are available to qualifying seniors. Due to recent changes in the Senior Citizen Tax Work-Off Program and the addition of a new program (The Senior Tax Assistance Match Program), it was necessary to implement a new ordinance. The City proposes to repeal and replace existing Section 220 of the City Code governing Tax Relief Programs for its Senior Citizens.

This Ordinance would be cited as Chapter 175 – Senior Tax Relief. It will replace in its entirety existing Chapter 220 of the City Code.

Councilor Minthorn moved, Councilor Copeland seconded to repeal Chapter 220 of the City Ordinances as a part of the enactment of the new Chapter 175. The motion passed with seven (7) yeas.

Councilor Minthorn moved, Councilor Smart seconded to amend Chapter 175 to include the revisions highlighted in Exhibit 3. The motion passed with seven (7) yeas.

### **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: 11-20-2019. This ordinance replaces old ordinance Section 220 in its entirety, which was repealed with the enactment of this ordinance]**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.