



As part of its Work Plan the Town Council requested staff review all options for tax credit programs to ensure all residents can afford to live in Falmouth.

The Work Plan states "The Town Council will review all current and available options. After a thorough review, the Town Council may develop additional programs for applicable residents in Falmouth".

Following are the standard current programs that are available or could be available to Falmouth residents. They have been split into three sections – Resident Exemptions and Other Local Exemptions Not Utilized in Falmouth.

Resident Exemptions

Homestead Exemption

The Homestead credit is for home owners in Falmouth. Residency and home ownership must be established for a minimum of 12 months. This is a \$10,000 exemption which is subtracted from the total assessed value before the tax bill is calculated. The Homestead exemption is 50% State reimbursed.

- Falmouth has 2,879 Homestead exemptions for the assessment period 4/1/11-3/31/12 (the April 1, 2012 Assessment date) @ 10,000 each.
- Total Exemption: $2879 \times 10,000 = \$28,790,000 / 1000 \times 13.43 = \$386,650$

Veteran's Exemption

The Veteran's credit is for veteran residents who meet the criteria of serving during a recognized war period. Eligible applicants can receive a \$6,000 or \$7,000 (for World War I Veterans) exemption that is subtracted from the total assessed value before the tax bill is calculated. This exemption is funded by the Town of Falmouth. The town receives a reimbursement from the State. The percentage is based on the war(s) the Veteran(s) served in (e.g., 100% WWI; 50% Korea or Vietnam). The calculated amount may not be reimbursed in full depending on the State's appropriation for the year.

- Falmouth has 256 Veteran exemptions for the assessment period 4/1/11-3/31/12 (the April 1, 2012 Assessment date) @ \$6,000 each
- Total Exemption: $256 \times 6,000 = 1,536,000 / 1000 \times 13.43 = \$20,628$
- Town received \$6,145 reimbursement for 2011. It was paid in fiscal year 2013.

Paraplegic Veteran

The Paraplegic Veteran credit is for residents that meet the criteria on the application. Eligible applicants receive a \$50,000 exemption that is subtracted from the total assessed value before the tax bill is calculated. The percentage is based on the war(s) the Veteran(s) served in (e.g., 100% WWI; 50% Korea or Vietnam). The calculated amount may not be reimbursed in full depending on the State's appropriation for the year. The portion reimbursed by the State is included in the overall veteran reimbursement above.

- Falmouth has 3 Paraplegic Veteran exemptions for the assessment period 4/1/11-3/31/12 (the April 1, 2012 Assessment date) @ 50,000 each.
- Total Exemption: $3 \times 50,000 = 150,000 / 1000 \times 13.43 = \$2,014.50$

Maine Property Tax and Rent Refund

This is a refund administrated by the Maine Revenue Services (MRS). Applicants may qualify if they meet the following criteria and submit an application to the MRS:

- *Resident for all 12 months of the year*
- *Owned/Rented for all 12 months of the year*
- *Meet the income requirements (different for Seniors)*
- *Or total taxes were 4% or above of income/ rent was 20% or above of income*

- Number of all applicants 649
- Number of all refunds 571
- Amount of all refunds \$407,151

Of the total refunds issued the following shows how many were senior citizens vs. non senior citizens

- Number of refunds to seniors 24
- Amount of refunds to seniors \$8,876
- Number of refunds to non seniors 547
- Amount of refunds to non seniors \$398,275

Of the refunds issued the following shows how many are for renters vs. property owners

- Number of rent refunds 99
- Amount of rent refunds \$37,790
- Number of general refunds 472
- Amount of general refunds \$369,361

Blind Person

For a resident to qualify for this credit they must be declared legally blind by a Doctor of Medicine, Osteopathy or Optometry. Eligible applicants will receive a \$4,000 exemption that is subtracted from the total assessed value before the tax bill is calculated. This exemption is funded by the Town of Falmouth.

- Falmouth has 7 Blind Person exemptions for the assessment period 4/1/11-3/31/12 (the April 1, 2012 Assessment date) @ 4,000 each
- Total Exemption: $7 \times 4,000 = 28,000 / 1000 \times 13.43 = \376.04

Poverty Tax Abatement

A resident that is unable to pay property tax due to lack of income can fill out a form and apply for an abatement of taxes. This abatement is funded by the Town of Falmouth.

- Falmouth did not have any Poverty Tax Abatements for Fiscal Year 2012

Tree Growth

The Tree Growth assessment is for property owners who have a minimum of 10 acres and a Forest Management Plan prepared by a licensed Forester. The state revalues (by county) the land based on the acreage of soft, mixed and hard wood. The assessor calculates the resident's property based on the State's per acre rates established for our county. There are many variables in calculating a property that will qualify for the Tree Growth exemption. The town receives a reimbursement from the state although it is not a full reimbursement of the difference in value. It is based on the state's rates vs. the town's rates.

- Falmouth has 52 parcels classifying 1,298 acres for the assessment period 4/1/11-3/31/12 (the April 1, 2012 Assessment date).
- Town Received \$25,290 reimbursement for 2011. This reimbursement was received in Fiscal Year 2013. The program is two years in arrears to pay.

Working Waterfront

A resident may ask to have their property assessed as working waterfront property to reduce the assessed value of the property. Working Waterfront is considered when a property is used in the commercial fishing industry. Applicants need to submit an application to the assessor for consideration prior to April 1st of the tax year.

- Falmouth does not currently have any property classified as working waterfront.

Farmland

The Farmland assessment is to encourage and maintain a readily available source of food and farm products within the State of Maine. For property owners who have a minimum of 5 acres and \$2,000 annual income from farming activities, an assessment will be done based on the land's current use of farming rather than its potential fair market value for more intensive uses. There is no State reimbursement for this program.

- Falmouth has 12 parcels classifying 486 acres for the assessment period 4/1/11-3/31/12 (the April 1, 2012 Assessment date).

Open Space

The Open Space Land classification is an option for residents to help conserve the states natural resources and prevent the loss of open space to development. There is no minimum acreage required but the tract must be restricted in use to promote a public benefit. The property owner would receive a lower assessment rather than its potential fair market value for more intensive uses. There is no State reimbursement for this program.

- Falmouth has 6 parcels classifying 122 acres for the assessment period 4/1/11-3/31/12 (the April 1, 2012 Assessment date).

Other Local Exemptions Not Utilized in Falmouth

Active Military Persons exempt from Excise Tax

An active military person stationed in Maine may apply for excise tax exemption if an affidavit is completed and signed by a commanding officer. This exemption is for vehicles owed by a person, resident, or non-resident, on active duty serving in the Armed Forces of the United States who is permanently stationed at a military or navel post, station or base in the state. This does not include members of the National Guard or the Reserves of the US Armed Forces. There is no State reimbursement for this program.

- Falmouth has 5 Active Military Persons who registered 7 vehicles that could be exempt from excise tax.
- Total Exemption if fully utilized: \$1,882.

Senior Citizen Property Tax Deferment

A resident applying for a property tax deferral must be at least 70 years old, lived in their homes for at least 10 years, and have a household income of less than 300% of the federal poverty level. The tax would be deferred until the death of the homeowner or sale of the home. The taxes would have to be repaid within a set period, along with interest.

Town Match for Maine Property Tax and Rent Refund

Maine Revenue Services reports that in the latest program year (ending May 2012) there were 571 refund checks issued to Falmouth taxpayers and renters for a total of \$407,151. The average refund was \$713. There were an additional 78 applicants who did not qualify.

Falmouth could supplement the State program. IF Falmouth implemented a local supplement, I would recommend rounding up the 571 to 600 qualified applicants. There may be more people who apply once there is a greater awareness of the additional local refund. We could assume 600 refunds with a total payout of \$432,000 for budgeting purposes.

| Falmouth Match % | Budget | Average Refund \$ |
|------------------|-----------|-------------------|
| 100% | \$432,000 | \$720 |
| 75% | \$324,000 | \$540 |
| 67% | \$289,440 | \$482 |
| 50% | \$216,000 | \$360 |
| 30% | \$129,600 | \$216 |
| 25% | \$108,000 | \$180 |
| 20% | \$86,400 | \$144 |

Tax Bill Payment Plan

“EZ Pay Tax” – for residents who pay their property taxes directly to the Town and not through escrow. A resident could sign up to pay in eight monthly installments from September through April and not pay any interest. It must be for the current tax year only and no outstanding tax bills can exist.