

## Chapter 261

### TAXATION

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**[HISTORY: Adopted by the Town Council of the Town of Cumberland as indicated in article histories. Amendments noted where applicable.]**

#### GENERAL REFERENCES

Board of Assessment Review — See Ch. 30, Art. II.

## ARTICLE I

**Property Tax Assistance****[Adopted 1-22-2007 ; amended in its entirety 12-14-2015 ]****§ 261-1. Purpose. [Amended 7-10-2017 ]**

The purpose of this article is to establish a program to provide property tax assistance to persons 70 years of age and over who reside in the Town of Cumberland. Under this program, the Town of Cumberland will provide refund payments to those individuals who maintain a homestead in the Town of Cumberland and meet the criteria established by this article.

**§ 261-2. Definitions.**

As used in this article, the following terms shall have the meanings indicated:

**BENEFIT BASE** — Property taxes paid by a qualifying applicant during the tax year on the qualifying applicant's homestead or rent constituting property taxes paid by the resident individual during the tax year on a homestead.**[Amended 7-10-2017 ]**

**HOMESTEAD** — For purposes of this article, "homestead" shall have the same 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 article or held in a revocable living trust for the benefit of that person. The dwelling must be occupied by that person and that person's dependents as a home.

**INCOME** — Total household income as determined by the total (gross) income reported on the applicant's most recent federal income tax return (line 22 of Form 1040; line 15 of Form 1040A; line four of Form 1040EZ), plus the total (gross) income reported on the most recent federal income tax return of each additional member of the household if filing separately. If the applicant and/or any member of the household do not file a federal income tax return, income shall be the cumulative amount of all income received by the applicant and each additional member of the household from whatever source derived, including, but not limited to, the following items:**[Added 7-10-2017 ; amended 5-19-2021 ]**

- A. Compensation for services, including wages, salaries, tips, fees, commissions, fringe benefits and similar items.
- B. Gross income derived from business.
- C. Gains derived from dealings in property (capital or other).
- D. Interest.
- E. Rents from real estate.
- F. Royalties.
- G. Dividends.
- H. Alimony and separate maintenance payments received.
- I. Annuities.
- J. Pensions.
- K. Income from discharge of indebtedness.

- L. Distributive share of partnership gross income.
- M. Income from an interest in an estate or trust.
- N. IRA distributions.
- O. Unemployment compensation; and
- P. Social security benefits.

**QUALIFYING APPLICANT** — A person who is determined by the Town Manager or his designee, after review of a complete application under § 261-4 of this article, to be eligible for a refund payment under the terms of this article.

**RENT CONSTITUTING PROPERTY TAX** — Fifteen percent of the gross rent actually paid in cash or its equivalent during the tax year solely for the right of occupancy of a homestead. For the purposes of this article, "gross rent" means rent paid at arm's length solely for the right of occupancy of a homestead, exclusive of charges for any utilities, services, furniture, furnishings, or personal property appliances furnished by the landlord as part of the rental agreement, whether or not expressly set out in the rental agreement. **[Amended 5-19-2021 ]**

**§ 261-3. Criteria for participation. [Amended 7-10-2017 ; 5-19-2021 ]**

To participate in the property tax assistance program, an applicant shall demonstrate all of the following:

- A. The applicant shall be 70 years of age or more at the time of application.
- B. The applicant shall have a homestead in the Town of Cumberland at the time of the application and for the entire year prior to the date of application.
- C. The applicant has been a resident of the Town of Cumberland for at least 10 years immediately preceding the date of application for participation in the Program.
- D. The applicant shall meet the application and eligibility criteria set forth in §§ 261-4 and 261-5 of this article.
- E. The maximum family household income (MFHI) shall be \$91,000 as set by the Town Council. The Town Council shall revisit the MFHI on an annual basis.

**§ 261-4. Application and payment procedures.**

- A. Persons seeking to participate in the property tax assistance program shall apply to the Town Manager no later than August 1 of the year for which the refund is requested. 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 in the Town Manager's office and shall include, at a minimum, the applicant's name, homestead address and contact information. Attached to all applications shall be proof of household income. **[Amended 5-19-2021 ]**
- B. Applicants shall also submit proof of property taxes paid or rent constituting property taxes paid during the tax year on the individual's homestead in the Town of Cumberland.
- C. The Town Manager shall review and determine if the application is complete and accurate and if the applicant is otherwise eligible to participate in the program. The Town Manager shall notify an applicant if an application is determined to be incomplete. The Town Manager's decision on

eligibility to participate in the program shall be final.

**§ 261-5. Determination of eligibility and amount. [Amended 7-10-2017 ; 5-19-2021 ]**

- A. Eligibility under this article is designed to provide greater benefits proportionally to applicants with lower income in relation to their benefit base. Eligible applicants will receive a benefit totaling the amounts set forth in Subsection A(1) and (2) as follows, provided that the cumulative maximum benefit allowed shall be \$750:
- (1) The total amount of any increase to the applicant's benefit base from the most recent tax year to the current tax year (maximum \$200); and
  - (2) Benefits based on the applicant's total household income as defined by §261-2 Definitions – in the corresponding amount as set forth below:
    - (a) If the applicant's total gross income is \$60,001 to \$91,000, the applicant will receive \$50.
    - (b) If the applicant's total gross income is \$50,001 to \$60,000, the applicant will receive \$200.
    - (c) If the applicant's total gross income is \$40,001 to \$50,000, the applicant will receive \$300.
    - (d) If the applicant's total gross income is \$30,001 to \$40,000, the applicant will receive \$400.
    - (e) If the applicant's total gross income is \$30,000 or less, the applicant will receive \$550.

**§ 261-6. Limitations on payments.**

- A. The Town Manager shall report to the Town Council for its approval at its second meeting in August each year the projected payments and number of eligible applicants requesting assistance from the program fund.
- B. Payments under this article shall be conditioned upon the existence of sufficient monies in the program fund for the year in which participation is sought. If there are not sufficient monies in the program fund to pay all qualifying applicants under this article per the calculations set forth in § 261-5, payments shall be limited to the amounts available in the fund and may be prorated accordingly. If a lack of funding results in no payment or less than the full payment to a qualifying applicant, the request and/or unpaid balance will not carry over to the next year. **[Amended 7-10-2017 ; 5-19-2021 ]**

**§ 261-7. Creation of program fund.**

The program fund from which payments shall be made under the terms of this article shall be created as follows:

- A. As funds are available, the Town Council shall annually appropriate monies from the general fund or other sources to support this program.
- B. Any surplus monies available after all payments have been made shall be carried forward within the fund to the next fiscal year.

**§ 261-8. Timing of payments.**

A person who qualifies for payment under this program shall be mailed a check for the benefit amount

for which he/she is eligible under § 261-5 no later than 14 days from the date of Council approval of the applications for the year in which participation is sought.

**§ 261-9. One applicant per household.**

Only one qualifying applicant per household shall be entitled to payment under this program each year. Eligibility shall be determined based on total household income. The right to file an application under this article is personal to the applicant and does not survive the applicant's death, but the right may be exercised on behalf of an applicant by the applicant's legal guardian or attorney in fact. If an applicant dies after having filed a timely complete application that results in a determination of qualification, the amount determined by the Town Manager shall be disbursed to another member of the household as determined by the Town Manager. If the applicant was the only member of a household, then no payment shall be made under this article.

ARTICLE II  
**PILOT Service Charges**  
**[Adopted 1-27-2014 ]**

**§ 261-10. Authority; purpose.**

This article is enacted in accordance with 30-A M.R.S.A. § 3001 and 36 M.R.S.A. § 508 to provide for service charges, otherwise referred to as "payments in lieu of taxes" (PILOT), for the property of institutions and organizations that are otherwise exempt from taxation as provided in 36 M.R.S.A. § 652.

**§ 261-11. Service charge established.**

The municipal officers may negotiate a contract for a voluntary annual service charge or PILOT for the cost of providing municipal services to all similarly situated property owned by an organization or institution that is otherwise exempt from property taxation.

**§ 261-12. Calculation of service charge.**

- A. The calculation of service charges shall be based on the actual cost of providing municipal services to the property of the institution or organization as determined by the Town. Municipal services shall include, without limitation, fire protection, police protection, road maintenance and construction, traffic control, snow and ice removal, water and sewer services, and any other municipal service except education and welfare.
- B. In accordance with 36 M.R.S.A. § 508, the service charge established in Subsection A on residential property that is used to provide rental income shall not exceed 2% of the gross annual revenues of the institution or organization that owns the property. In order to qualify for this limitation, the institution or organization must file with the municipality an audit of the revenues of the institution or organization for the year immediately prior to the year in which the service charge is levied. The municipal officers shall abate the portion of the service charge that exceeds 2% of the gross annual revenues of the institution or organization.

**§ 261-13. Collection.**

Unpaid service charges for institutions and organizations shall be collected following the procedure set forth in the contract with said institution or organization. Unpaid service charges for tax-exempt residential property that is used to provide rental income may also be collected following the procedure set forth in 38 M.R.S.A. § 1208.

**§ 261-14. Use of revenues.**

Revenues accrued from service charges shall be used, as much as possible, to fund the cost of providing the services which were considered in calculating the service charge.