

**MAINE REVENUE SERVICES
PROPERTY TAX DIVISION
PROPERTY TAX BULLETIN NO. 7**

TAX EXEMPTIONS FOR VETERANS

REFERENCE: 36 M.R.S. § 653

June 24, 2015; replaces January 16, 2008 revision

This bulletin outlines the provisions relating to property tax exemptions for veterans.

1. Definitions:

A. "Cooperative Housing Corporation" means an entity organized for the purpose of owning residential real estate in which residents own shares that entitle them to inhabit a designated space within a residential dwelling.

B. "Federally Recognized War Periods" are:

(1) World War I - beginning April 6, 1917 and ending on November 11, 1918;

(2) World War I (service in Russia) - beginning April 6, 1917 and ending on March 31, 1920;

(3) World War II - beginning December 7, 1941 and ending on December 31, 1946;

(4) Korean Campaign - beginning June 27, 1950 and ending on January 31, 1955;

(5) Vietnam Era - The period beginning on February 28, 1961, and ending on May 7, 1975, inclusive, in the case of a veteran who served in the Republic of Vietnam during that period. The period beginning on August 5, 1964, and ending on May 7, 1975, inclusive, in all other cases; and

(6) Persian Gulf War - beginning August 2, 1990 and ending on the date that the United States Government recognizes as the end of the Persian Gulf War.

C. "Legal Resident" means an individual who is a resident of Maine and whose permanent residence is in the municipality in which a veteran exemption is claimed. A legal resident of a municipality may be receiving a homestead exemption from that municipality.

D. "Property," for purposes of this bulletin, means real estate and personal property, including property held in joint tenancy by a Qualifying Veteran and the Qualifying Veteran's spouse and property held in a revocable living trust for the benefit of the Qualifying Veteran, Qualifying Spouse, Qualifying Child or Qualifying Parent.

E. "Qualifying Child" means a minor child of a Qualifying Veteran who:

(1) Is a legal resident of Maine;

(2) Claims an exemption, in writing, with the assessor of the municipality in which the child resides; and

(3) Is under the age of 18.

F. "Qualifying Parent" means a widow or widower parent of a Qualifying Veteran who:

(1) Is a legal resident of Maine;

(2) Claims an exemption, in writing, with the assessor of the municipality in which the parent resides;

(3) Has not remarried ();

(4) Is at least 62 years old; and

(5) Receives a pension or compensation from the federal government based upon the service-connected death of the Qualifying Veteran as the Qualifying Veteran's parent.

A divorced or remarried parent of a veteran is not eligible for exemption.

G. "Qualifying Shareholder" means a person who is a shareholder in a cooperative housing corporation and who would qualify for a veteran exemption if that person were the owner of the property.

H. "Qualifying Spouse" means the widow or widower of a Qualifying Veteran who:

(1) Is a legal resident of Maine;

(2) Claims an exemption, in writing, with the assessors of the municipality in which the widow or widower resides;

(3) Was married to the Qualifying Veteran at the time of the veteran's death and has not remarried; and

(4) Receives a pension or compensation from the federal government as the widow or widower of a Qualifying Veteran.

I. "Qualifying Veteran" means any person who served in active service in the Armed Forces of the United States and who was discharged, retired or separated under other than dishonorable conditions. In most cases, the Department of Veterans Affairs considers the categories of "honorable discharge" and "discharge under honorable conditions" (or "general discharge") as qualifying for discharge under other than dishonorable conditions. The discharge categories of "discharge under other than honorable conditions," "bad conduct discharge" and "dishonorable discharge" generally do not qualify a person for a veteran exemption. A Qualifying Veteran must have:

(1) Served during any federally recognized war period (see Section 1(B));

(2) Served from February 28, 1961 - August 4, 1964;

(3) Served during the period from August 24, 1982 to July 31, 1984;

(4) Served during the period from December 20, 1989 to January 31, 1990;

(5) Been awarded the Armed Forces Expeditionary Medal;

(6) Served as a member of the American Merchant Marine in Oceangoing Service between December 7, 1941 and August 15, 1945;

(7) Served during Operation Enduring Freedom, a period defined as beginning on October 7, 2001 and ongoing;

(8) Served during Operation Iraqi Freedom, a period defined as beginning on March 19, 2003 and ending on August 31, 2010;

(9) Served during Operation New Dawn, a period defined as beginning on September 1, 2010 and ending on December 15, 2011; or

(10) Become totally disabled from an injury or disease incurred or aggravated during active military service in the line of duty and be receiving any form of pension or compensation from the United State Government for total, service-connected disability.

In addition, a Qualifying Veteran must:

(1) Be a resident of Maine;

(2) Claim an exemption, in writing, with the assessor of the municipality in which the veteran resides; and

(3) Meet one of the following:

a. Be at least 62 years old;

b. Receive a pension or compensation from the federal government for total disability, either service- or non-service-connected, as a veteran; or

c. Receive a pension or compensation from the federal government for total disability because of injury or disease incurred or aggravated during active military service in the line of duty.

2. Exemption for a Qualifying Veteran:

A. In General:

Property owned by a Qualifying Veteran is exempt from municipal property tax for up to \$6,000 of just valuation, in the municipality where the veteran is a legal resident.

B. Paralegic Veteran:

If a Qualifying Veteran is paralegic, that veteran is eligible for an exemption from municipal property tax for up to \$50,000 of just valuation for a specially adapted housing unit in the municipality where the veteran is a legal resident. To qualify for this larger exemption, the veteran must be a paralegic veteran, within the meaning of 38 United States Code, Chapter 21, Section 2101, and has received a grant from the Department of Veterans Affairs for specially adapted housing.

3. Exemption for a Qualifying Spouse:

A. In General:

Property owned by a Qualifying Spouse is exempt from municipal property tax for up to \$6,000 of just valuation in the municipality where the Qualifying Spouse is a legal resident. The exemption increases to \$7,000 for the Qualifying Spouse of a deceased veteran who served during a war period during or before World War I.

B. Qualifying Spouse of a Paralegic Veteran:

If an individual is the Qualifying Spouse of a paralegic veteran, that Qualifying Spouse is eligible for an exemption from municipal property tax for up to \$50,000 of just valuation in the municipality where the Qualifying Spouse is a legal resident. To qualify for the larger exemption, the spouse must, except for the requirement under Section 1(H)(4) above, meet the requirements of a Qualifying Spouse and be the widow or widower of a paralegic veteran within the meaning of 38 United States Code, Chapter 21, Section 2101, who received a grant from the Department of Veterans Affairs for specially adapted housing.

4. Exemption for a Qualifying Child:

Property owned by a Qualifying Child of a deceased veteran is exempt from municipal property tax for up to \$6,000 of just valuation in the municipality where the child is a legal resident.

5. Exemption for a Qualifying Parent:

Property owned by a Qualifying Parent of a deceased veteran is exempt from municipal property tax for up to \$6,000 of just valuation in the municipality where the parent is a legal resident.

6. Exemption for a Cooperative Housing Corporation:

A cooperative housing corporation is entitled to an exemption against the valuation of property of the corporation occupied by Qualifying Shareholders. A Qualifying Shareholder must make application to the cooperative housing corporation and the corporation must make application to the assessor of the municipality on behalf of all Qualifying Shareholders. The corporation's application for exemption must include a list of all Qualifying Shareholders, any information required by the municipality to verify eligibility of Qualifying Shareholders and the applicable exemption amount. Notwithstanding the application process in Section 7, a cooperative housing corporation must update its application annually to reflect changes in eligibility. The exemption is equal to the total amount that the Qualifying Shareholders would have claimed if they were owners of the property.

A cooperative housing corporation that receives an exemption pursuant to this section shall apportion the property tax reduction resulting from the exemption among the Qualifying Shareholders according to the proportion of the total exemption that each

Qualifying Shareholder would be entitled to if the Qualifying Shareholder were the owner of property. Any supplemental assessment resulting from disqualification for exemption must be applied in the same manner against the Qualifying Shareholders for whom the disqualification applies.

7. Application:

An applicant for the veteran exemption must claim an exemption, in writing, with the assessor of the municipality in which the applicant resides. The applicant must furnish proof of entitlement for the exemption by April 1 of the year the applicant first requests an exemption. Once the veteran or other qualified individual receives an exemption, an annual application for exemption is not necessary.

Another person, such as a parent or guardian, may make a claim on behalf of a Qualifying Child.

The municipal assessors may make an abatement of taxes, on written application within one year of commitment, if a Qualifying Spouse or a Qualifying Child has not made a claim by the April 1 deadline, provided the related veteran died during the 12-month period preceding April 1 for which the tax was committed. 36 M.R.S. § 841(4).

An application for the veteran exemption, including proof of entitlement, is confidential and will not be available to the public.

8. Proof of Entitlement:

The following items are generally sufficient proof of entitlement:

- A. A copy of the applicant's birth certificate if the claim is based on age.
- B. A copy of the veteran's Report of Separation (usually DD Form 214, Certificate of Release or Discharge from Active Duty).
- C. A copy of the certificate or letter from the Department of Veterans Affairs or other federal agency stating that the applicant receives compensation or a pension from the federal government as a veteran or widow/widower of a veteran. For explanation of the certificate furnished by the Department of Veterans Affairs (formerly VA Form 20-5455 or 20-5455a), see Section 9 below. If this certificate or letter is not available, the applicant may provide other proof of payment for total disability or service-connected disability.
- C. A copy of a letter from the appropriate federal agency stating that a Qualifying Spouse, Qualifying Child or Qualifying Parent receives a pension from the federal government based on the death of a Qualifying Veteran.
- D. A copy of the letter from the Department of Veterans Affairs or other federal agency verifying the paraplegic veteran applicant received a grant from the federal government for specially adapted housing.

In certain cases the assessor may ask for additional documentation.

9. Veterans Administration Statement from Benefit Payment Records:

A. Explanation of Codes:

Assessors should be concerned with the code number used by the VA. The code number will be either 1, 2 or 3.

Code #1 indicates that the veteran receives compensation for a 10% to 90% service-connected disability. The veteran in this case is **not** entitled to tax exemption because of disability.

Code #2 indicates that the veteran (or Qualifying Spouse) receives compensation for total service-connected disability. The veteran in this case meets the service-related pension or compensation requirement.

Code #3 indicates that the veteran (or Qualifying Spouse) receives a non-service-connected pension due to total disability. The veteran in this case meets the non-service-connected pension or compensation requirement.

Questions about the coding on this form may be answered by contacting:

**U.S. Department of Veterans Affairs
Togus Regional Benefit Office
1 VA Center
Augusta, Maine 04330
1-800-827-1000**

10. Amount of Exempt Valuation:

In determining the municipal value of the exemption, the assessor must multiply the total amount of the allowable exemption by the declared ratio as entered on the assessor's annual municipal valuation return. In some cases, where a municipality's declared ratio is higher than 100%, the municipal value of an exemption may be slightly larger than the limits stated above.

When a Qualifying Veteran dies without a will and leaves property, and a surviving spouse and a minor child or children, the spouse and minor children are jointly entitled to only a single exemption of up to the appropriate exemption amount, but no more than the just valuation of property.

11. Exemption Limitations:

An individual is not entitled to a benefit under more than one of the exemptions covered in this bulletin.

Exemptions apply only to property, or the interest in property, taxable in the place of the applicant's legal residence. Property must be owned by an applicant, by an applicant and the applicant's spouse in joint tenancy, or held in a revocable living trust for the benefit of the applicant.

Property conveyed to another person to obtain a veteran exemption will not qualify for a veteran exemption, unless the property is conveyed between husband and wife.

A person who fraudulently obtains a veteran exemption under 36 M.R.S. § 653 will be subject to a fine of up to \$100 or twice the amount of taxes evaded, whichever is greater.

NOTE: 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.

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