

MAINE STATE LEGISLATURE

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L.D. 1

DATE: 1.20.05

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STATE OF MAINE
SENATE
122ND LEGISLATURE
FIRST REGULAR SESSION

SENATE AMENDMENT "I" to COMMITTEE AMENDMENT "A" to H.P. 6, L.D. 1, Bill, "An Act To Increase the State Share of Education Costs, Reduce Property Taxes and Reduce Government Spending at All Levels"

Amend the amendment by striking out all of Part F and inserting in its place the following:

PART F

Sec. F-1. 36 MRSA §683, sub-§§1-B and 1-C are enacted to read:

1-B. Exemption amount. Except for assessments for special benefits, the just value of \$13,000 of the homestead of a permanent resident of this State who has owned a homestead in this State for the preceding 12 months is exempt from taxation. In determining the local assessed value of the exemption, the assessor shall multiply the amount of the exemption by the ratio of current just value upon which the assessment is based as furnished in the assessor's annual return pursuant to section 383. If the title to the homestead is held by the applicant jointly or in common with others, the exemption may not exceed \$13,000 of the just value of the homestead, but may be apportioned among the owners who reside on the property to the extent of their respective interests. A municipality responsible for administering the homestead exemption has no obligation to create separate accounts for each partial interest in a homestead owned jointly or in common.

SENATE AMENDMENT



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1-C. Municipal option. A municipality shall choose the homestead exemption provided in subsection 1 or 1-B. The unorganized territory has the homestead exemption provided in subsection 1-B.

Sec. F-2. 36 MRSA §683, sub-§§3 and 4, as enacted by PL 1997, c. 643, Pt. HHH, §3 and affected by §10, are amended to read:

3. Effect on state valuation. The For a municipality that chooses the homestead exemption provided under subsection 1, the just value of homesteads exempt under this subchapter must be included in the annual determination of state valuation under sections 208 and 305. For a municipality that chooses the homestead exemption provided under subsection 1-B, 50% of the just value of homesteads exempt under this subchapter must be included in the annual determination of state valuation under sections 208 and 305.

4. Property tax rate. The For a municipality that chooses the homestead exemption provided under subsection 1, the value of homestead exemptions under this subchapter must be included in the total municipal valuation used to determine the municipal tax rate. For a municipality that chooses the homestead exemption provided under subsection 1-B, 50% of the value of homestead exemptions under this subchapter must be included in the total municipal valuation used to determine the municipal tax rate. The municipal tax rate as finally determined may be applied to only the taxable portion of each homestead qualified for that tax year.

Sec. F-3. 36 MRSA §685, sub-§2, as enacted by PL 1997, c. 643, Pt. HHH, §3 and affected by §10, is amended to read:

2. Entitlement to reimbursement by the State; calculation. A municipality that has approved homestead exemptions under this subchapter ~~section 683, subsection 1~~ may recover from the State 100% of the taxes lost by reason of the exemptions upon proof in a form satisfactory to the bureau. A municipality that has approved homestead exemptions under section 683, subsection 1-B may recover from the State 50% of the taxes lost by reason of the exemptions upon proof in a form satisfactory to the bureau. The bureau shall reimburse the Unorganized Territory Education and Services Fund for ~~100%~~ 50% of taxes lost by reason of the exemption.

Sec. F-4. Application. This Part applies to property tax valuations determined on or after April 1, 2005.'

Further amend the amendment by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

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SUMMARY

This amendment allows a municipality to choose between the homestead exemption provided under current law and the changes to the laws governing the homestead exemption provided in Committee Amendment "A."

SPONSORED BY:
(Senator PLOWMAN)



COUNTY: Penobscot

FISCAL NOTE REQUIRED
(See attached)



Approved: 01/19/05 *MAC*

122nd MAINE LEGISLATURE

LD 1

LR 0328(37)

An Act to Increase the State Share of Education Costs, Reduce Property Taxes and Reduce Government Spending at All Levels

Fiscal Note for Senate Amendment "I" to Committee Amendment "A"

Sponsor: Sen. Plowman

Fiscal Note Required: Yes

Fiscal Note

Potential current biennium savings - General Fund

Fiscal Detail and Notes

This amendment may decrease the amount of funding required to reimburse municipalities for 90% of the additional costs associated with changing the homestead exemption if a large number of municipalities elect to retain the current tiered exemption. The amount of savings can not be estimated at this time.