

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2025

Legislative Document

No. 1112

H.P. 731

House of Representatives, March 18, 2025

**RESOLUTION, Proposing an Amendment to the Constitution of
Maine Requiring Not Less Than 90 Percent State Reimbursement
for Residential Real Estate Property Tax Exemptions and to
Establish a Minimum Homestead Exemption**

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative MATLACK of St. George.

1 **Constitutional amendment. Resolved:** Two thirds of each branch of the
2 Legislature concurring, that the following amendment to the Constitution of Maine be
3 proposed:

4 **Constitution, Art. IV, Pt. Third, §23** is amended to read:

5 **Section 23. Municipalities reimbursed annually.** The Legislature shall
6 annually reimburse each municipality from state tax sources for not less than 50% of the
7 property tax revenue loss suffered by that municipality during the previous calendar year
8 because of the statutory property tax exemptions or credits enacted after April 1, 1978,
9 except that the Legislature shall reimburse each municipality from state tax sources for not
10 less than 90% of the property tax revenue loss suffered by that municipality during the
11 previous calendar year because of an exemption for the residential real estate of veterans
12 who served in the Armed Forces of the United States, an exemption for the residential real
13 estate of persons who are legally blind and an exemption for the qualifying homesteads of
14 permanent residents of this State. On or after April 1, 2026, the exemption provided for
15 qualifying homesteads may be no less than \$50,000, which must be adjusted annually by
16 the percentage change in the consumer price index, or similar inflationary index, published
17 by a bureau that calculates labor statistics in a United States department of labor for the
18 calendar year. The Legislature shall enact appropriate legislation to carry out the intent of
19 this section and in implementing this section may not distribute less than 5% of state sales
20 and income tax revenues to municipalities according to a formula established in state
21 statutes. If, on or after July 1, 2025, the percentage of state sales and income tax revenues
22 shared with municipalities exceeds 5%, no less than the increased percentage of state sales
23 and income tax revenues may be distributed to municipalities according to a formula
24 established in state statutes.

25 This section shall allow, but not require, reimbursement for statutory property tax
26 exemptions or credits for unextracted minerals.

27 **Constitutional referendum procedure; form of question; effective date.**

28 **Resolved:** That the municipal officers of this State shall notify the inhabitants of their
29 respective cities, towns and plantations to meet, in the manner prescribed by law for holding
30 a statewide election, at a statewide election held in the month of November following the
31 passage of this resolution, to vote upon the ratification of the amendment proposed in this
32 resolution by voting upon the following question:

33 "Do you favor amending the Constitution of Maine to require the
34 Legislature to annually reimburse each municipality from state tax sources
35 not less than 90% of the property tax revenue loss suffered by that
36 municipality during the previous calendar year because of exemptions on
37 the residential real estate of veterans who served in the Armed Forces of
38 the United States, the residential real estate of persons who are legally
39 blind and the qualifying homesteads of permanent residents of this State,
40 set the homestead exemption at no less than \$50,000, adjusted annually for
41 inflation and require the State to distribute no less than 5% of state sales
42 and income tax revenues to municipalities according to a formula
43 established in state statutes?"

1 The legal voters of each city, town and plantation shall vote by ballot on this question
2 and designate their choice by a cross or check mark placed within the corresponding square
3 below the word "Yes" or "No." The ballots must be received, sorted, counted and declared
4 in open ward, town and plantation meetings and returns made to the Secretary of State in
5 the same manner as votes for members of the Legislature. The Governor shall review the
6 returns. If it appears that a majority of the legal votes are cast in favor of the amendment,
7 the Governor shall proclaim that fact without delay and the amendment becomes part of
8 the Constitution of Maine on the date of the proclamation.

9 **Secretary of State shall prepare ballots. Resolved:** That the Secretary of State
10 shall prepare and furnish to each city, town and plantation all ballots, returns and copies of
11 this resolution necessary to carry out the purposes of this referendum.

12 SUMMARY

13 This resolution proposes to amend the Constitution of Maine to require the Legislature
14 to reimburse municipalities for not less than 90% of the lost property tax revenue associated
15 with residential real estate exemptions extended to veterans of the Armed Forces of the
16 United States and persons who are legally blind and for qualifying homesteads of
17 permanent residents of this State. The resolution also establishes the minimum homestead
18 exemption at \$50,000, which must be adjusted annually by the percentage change in the
19 consumer price index, or similar inflationary index. The resolution also provides that, at a
20 minimum, no less than 5% of state sales and income tax revenues must be shared with
21 municipalities and protects future increases in the percentage of state sales and income tax
22 revenues distributed to municipalities.