

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2025

Legislative Document

No. 1770

S.P. 688

In Senate, April 23, 2025

**An Act to Provide Immediate and Long-term Property Tax Relief to
Maine Households**

(EMERGENCY)

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in black ink, appearing to read "D M Grant", is positioned above the printed name of the Secretary of the Senate.

DAREK M. GRANT
Secretary of the Senate

Presented by President DAUGHTRY of Cumberland.
Cosponsored by Speaker FECTEAU of Biddeford and
Senators: BALDACCI of Penobscot, BICKFORD of Androscoggin, CARNEY of Cumberland,
LIBBY of Cumberland, PIERCE of Cumberland, STEWART of Aroostook, Representatives:
ANKELES of Brunswick, MATLACK of St. George.

1 **Emergency preamble.** Whereas, acts and resolves of the Legislature do not
2 become effective until 90 days after adjournment unless enacted as emergencies; and

3 **Whereas**, the Legislature has enacted a series of property tax relief measures in recent
4 years, including expanding the property tax fairness credit, improving the homestead
5 property tax exemption, expanding the property tax deferral program and increasing state-
6 municipal revenue sharing, in an effort to ease the burden on Maine households; and

7 **Whereas**, despite recent legislative efforts to provide relief, many Maine residents
8 continue to face rising property tax bills and the State remains among the states where
9 households spend a significant share of their income on property taxes, all amid broader
10 increases in the cost of living; and

11 **Whereas**, the State is facing a statewide housing crisis, and rising property taxes,
12 especially in high-demand areas, are making it harder for first-time home buyers and
13 working families to afford stable housing, further straining the already limited supply of
14 affordable homes; and

15 **Whereas**, at the same time, older Maine residents who wish to downsize or move
16 closer to services often have no affordable housing options available, forcing them to
17 remain in homes with sharply increased valuations and unaffordable property tax bills,
18 despite living on fixed incomes; and

19 **Whereas**, municipalities across the State, ranging from small rural towns to larger
20 cities, face varying budget pressures and responsibilities and often lack the resources,
21 staffing or technology needed to ensure accurate, equitable and up-to-date property
22 assessments; and

23 **Whereas**, the property tax fairness credit remains a vital tool for targeted tax relief,
24 but current benefit levels do not fully reflect today's economic pressures or cost of living;
25 and

26 **Whereas**, efforts to reform the property tax system in the State have often been
27 constrained by constitutional requirements, such as the mandate that all real and personal
28 property be assessed equally according to its just value; and

29 **Whereas**, other states have pursued innovative strategies, including constitutional
30 reforms, to ensure effective and equitable property tax relief; and

31 **Whereas**, it is imperative that the State deliver immediate property tax relief and
32 launch a comprehensive, data-driven process to develop long-term solutions through a
33 representative task force; and

34 **Whereas**, in the judgment of the Legislature, these facts create an emergency within
35 the meaning of the Constitution of Maine and require the following legislation as
36 immediately necessary for the preservation of the public peace, health and safety; now,
37 therefore,

38 **Be it enacted by the People of the State of Maine as follows:**

39 **Sec. 1. 36 MRSA §5219-KK, sub-§2-D**, as amended by PL 2023, c. 412, Pt. S,
40 §4, is repealed and the following enacted in its place:

1 **2-D. Credit in 2022 and after.** For tax years beginning on or after January 1, 2022,
2 a resident individual is allowed a credit against the taxes imposed under this Part equal to
3 the amount by which the benefit base for the resident individual exceeds 4% of the resident
4 individual's income. The amount of the credit may not exceed:

5 A. For tax years beginning on or after January 1, 2022 and before January 1, 2025,
6 \$1,000 for resident individuals under 65 years of age as of the last day of the taxable
7 year;

8 B. For tax years beginning on or after January 1, 2022 and before January 1, 2024,
9 \$1,500 for resident individuals 65 years of age and older as of the last day of the taxable
10 year;

11 C. For tax years beginning on or after January 1, 2024 and before January 1, 2025,
12 \$2,000 for resident individuals 65 years of age and older as of the last day of the taxable
13 year;

14 D. For tax years beginning on or after January 1, 2025, \$2,000 for resident individuals
15 under 65 years of age as of the last day of the taxable year; and

16 E. For tax years beginning on or after January 1, 2025, \$2,500 for resident individuals
17 65 years of age and older as of the last day of the taxable year.

18 In the case of married individuals filing a joint return, only one spouse is required to be 65
19 years of age or older to qualify for the credit limitation specified in paragraphs B, C and E.
20 Married individuals filing separate returns do not qualify for the credit under this section.

21 **Sec. 2. Real Estate Property Tax Relief Task Force established.** The Real
22 Estate Property Tax Relief Task Force, referred to in this section as "the task force," is
23 established.

24 **1. Membership.** Notwithstanding Joint Rule 353, the task force consists of 13 voting
25 members and at least 2 nonvoting members as follows.

26 A. The 13 voting members are appointed as follows:

27 (1) Two members of the Senate, appointed by the President of the Senate,
28 including at least one member of the party holding the 2nd largest number of seats
29 in the Legislature and at least one of whom has expertise or background in the area
30 of taxation;

31 (2) Two members of the House of Representatives, appointed by the Speaker of
32 the House, including at least one member of the party holding the 2nd largest
33 number of seats in the Legislature and at least one of whom has expertise or
34 background in the area of taxation;

35 (3) Three members of the public, appointed by the President of the Senate, as
36 follows:

37 (a) One member who is a representative of economists or who is a tax expert;

38 (b) One member who is a representative of low-income residents of the State;
39 and

40 (c) One member who has legal experience with constitutional issues or
41 property tax issues;

(4) Three members of the public, appointed by the Speaker of the House, as follows:

- (a) One member who is involved in real estate, economic or housing development with experience in long-term homeownership trends in the State;
- (b) One member who represents the business sector and who has paid property taxes over the last 10 years; and
- (c) One member who has expertise in assessing property taxes; and

(5) Three members of the public, appointed by the Governor, as follows:

- (a) One member who represents the interests of municipalities with fewer than 15,000 residents and who has expertise in municipal government, municipal taxation, local government finance or property valuation;
- (b) One member who represents the interests of municipalities with at least 15,000 residents and who has expertise in municipal government, municipal taxation, local government finance or property valuation; and
- (c) One member who represents the interests of older residents.

In making their appointments, the President of the Senate, the Speaker of the House and the Governor, to the extent feasible, shall ensure the membership of the task force reflects comprehensive geographic representation from the State.

B. The nonvoting members are as follows:

- (1) The Commissioner of Administrative and Financial Services or the commissioner's designee;
- (2) The Associate Commissioner for Tax Policy within the Department of Administrative and Financial Services, Bureau of Revenue Services or the associate commissioner's designee; and
- (3) Any additional members invited to participate by the chairs of the task force pursuant to subsection 2.

2. Chairs; nonvoting members; selection of contracted entity. The first-named Senate member is the Senate chair and the first-named House of Representatives member is the House chair of the task force. The chairs may invite, as nonvoting members of the task force, individuals who have expertise in municipal government, municipal finance, economic development, constitutional law, tax policy, housing policy or tax assessing. The chairs may select the contracted entity described in subsection 5, paragraph A, prior to all appointments being made. Prior to the first meeting of the task force, the chairs may select the contracted entity of the task force.

3. Appointments; convening of task force. All appointments must be made no later than 30 days following the effective date of this Act. The appointing authorities shall notify the Executive Director of the Legislative Council once all appointments have been completed. After appointment of all members, the chairs shall call and convene the first meeting of the task force. If 30 days or more after the effective date of this resolve a majority of but not all appointments have been made, the chairs may request authority and the Legislative Council may grant authority for the task force to meet and conduct its business.

4. Meetings. The task force shall meet at least 4 times but no more than 8 times.

1 **5. Duties.** The task force shall:

2 A. Contract with an entity for research and analytical support, as selected by the chairs
3 pursuant to subsection 2, with the goal of determining the source of the problems with
4 the current system of property taxation, who is most negatively affected by the current
5 system of property taxation and how those persons are negatively affected. At the
6 direction of the chairs, an entity contracted with pursuant to this paragraph shall gather
7 and analyze statewide property tax data, which may include:

8 (1) For each municipality or each municipality within a representative sample of
9 municipalities by county:

10 (a) The average property value, property tax bill and length of
11 homeownership, differentiated by waterfront and nonwaterfront properties;

12 (b) The types of property; mill rate; date of last valuation; property valuation
13 practices, including whether the municipality performs the valuations; median
14 income of residents; number of households eligible to claim and actually
15 claiming the property tax fairness credit pursuant to the Maine Revised
16 Statutes, Title 36, section 5219-KK; number of homesteads eligible to
17 participate in and actually participating in the deferred collection of homestead
18 property taxes pursuant to Title 36, chapter 908; which municipalities have
19 municipally funded and administered property tax relief programs; and the
20 percentage of homes that are primary residences, the percentage of commercial
21 property and the percentage of vacant commercial property; and

22 (c) How the municipality has used property tax relief funding, including but
23 not limited to funds received from state-municipal revenue sharing pursuant to
24 Title 30-A, section 5681;

25 (2) For each county:

26 (a) Changes in property values over the last 20 years; and

27 (b) The average percentage of income spent on property taxes by residents;

28 (3) Data regarding any disparities or challenges across different regions in the
29 State;

30 (4) Recent statewide property tax relief efforts that have been implemented or
31 discussed in the Legislature or State Government;

32 (5) Potential federal funding changes and how those could potentially impact
33 property taxes in the State;

34 (6) Any challenges in obtaining the information specified in this paragraph for the
35 task force and recommendations for making the information available to the
36 Legislature on a regular basis; and

37 (7) Any additional data or information the chairs consider relevant to a productive
38 discussion;

39 B. Perform a comparison of this State to the rest of the nation, including:

40 (1) Determining how property tax assessment is instituted, the expenses associated
41 with assessment and how assessment in the State compares with other states;

42 (2) Exploring property tax relief measures and programs used by other states,
43 particularly those states similar in geography, demographics, resident income or

1 state and local government structure, to determine whether those relief programs
2 could be adapted to the State;

3 (3) Studying property tax burdens in other states, including as a percentage of
4 resident income, and any trends over the last 20 years; and

5 (4) Gathering any additional data or information the chairs determine relevant to a
6 productive discussion;

7 C. Explore the need for amendments to the Constitution of Maine or to the Maine
8 Revised Statutes, including:

9 (1) Reviewing constitutional constraints on property tax assessments and exploring
10 whether an amendment to the Constitution of Maine could create more equitable
11 and stable property tax policies;

12 (2) Researching whether other states have constitutional provisions that allow for
13 equitable property tax structures;

14 (3) Researching which states have successfully amended their constitutions to
15 allow for more effective property tax relief and the advantages and disadvantages
16 of those amendments; and

17 (4) Recommending whether constitutional changes should be pursued and, if so,
18 what changes should be made and how and when those changes should be made;

19 D. Develop methods to ensure municipalities use property tax relief for its intended
20 purpose while continuing to meet the needs of residents by:

21 (1) Identifying mechanisms used in other states to ensure that local property tax
22 relief funds are allocated effectively to the taxpayers;

23 (2) Exploring mechanisms to support transparency and accountability in the use of
24 property tax relief funds at the municipal level that exist in other states or that have
25 been discussed in the State; and

26 (3) Recommending accountability measures, including but not limited to reporting
27 requirements, financial incentives or disincentives;

28 E. Assess changes to the valuation process and support for municipalities by:

29 (1) Investigating how other states ensure equitable, updated and fair valuation
30 practices;

31 (2) Analyzing whether certain geographic regions or types of communities, such
32 as service centers, in the State have disproportionate property assessments that
33 negatively affect specific populations;

34 (3) Identifying those resources municipalities need to conduct accurate property
35 valuations, including funding, staffing and technology; and

36 (4) Recommending best practices and potential legislative changes to improve
37 fairness and accuracy in property assessments;

38 F. Develop targeted support for long-term property owners who need support to age
39 in place by:

40 (1) Studying states that have implemented property tax relief programs specifically
41 for long-term homeowners; and

42 (2) Recommending which tax policies the State should adopt to prevent
43 displacement and maintain affordability of elderly and low-income homeowners;

1 G. Explore the use of the State's cash pool for property tax relief by:

2 (1) Researching how other states use state investment funds to support property tax
3 relief programs;

4 (2) Analyzing potential risks and benefits of using the State's cash reserves to
5 provide long-term property tax relief; and

6 (3) Recommending whether a dedicated revenue stream should be created for this
7 purpose and how it could be structured; and

8 H. Examine potential impacts of federal funding changes on property taxes in the State.

9 The task force shall engage in a data-driven analysis of the State's property tax system
10 before making recommendations pursuant to this subsection.

11 **6. Assistance in collection of data.** The Department of Administrative and Financial
12 Services, Bureau of Revenue Services and the Office of Tax Policy within the bureau shall
13 provide assistance to the entity contracted with by the task force pursuant to subsection 5,
14 paragraph A to ensure the entity obtains the required information.

15 **7. Public input.** The task force may, as determined necessary by the chairs, solicit
16 and consider public comment on the current property tax structure, current property tax
17 relief efforts and the valuation and assessment process.

18 **8. Staff assistance.** The Legislative Council shall provide necessary staffing services
19 or may contract for necessary staffing services for the task force, except that Legislative
20 Council staff support is not authorized when the Legislature is in regular or special session.
21 Upon request of the task force, the Office of the Attorney General, the office of the
22 Secretary of State, the Office of Policy Innovation and the Future, the Department of
23 Administrative and Financial Services, Bureau of Revenue Services, the Department of
24 Economic and Community Development and office of the Treasurer of State shall provide
25 additional information to the task force.

26 **9. Report.** That, notwithstanding Joint Rule 353, no later than December 15, 2025,
27 the task force shall submit a report that includes its findings and recommendations,
28 including suggested legislation, to the Joint Standing Committee on Taxation. The joint
29 standing committee may report out a bill to the Second Regular Session of the 132nd
30 Legislature based on the report.

31 **10. Additional funding sources.** Notwithstanding Joint Rule 353, the task force may
32 apply for and receive funds, grants or contributions from public and private sources to
33 support its activities.

34 **Emergency clause.** In view of the emergency cited in the preamble, this legislation
35 takes effect when approved.

36 SUMMARY

37 This bill:

38 1. Increases the maximum property tax fairness credit, beginning with tax years
39 beginning on or after January 1, 2025, from \$1,500 to \$2,000 for taxpayers under 65 years
40 of age and from \$2,000 to \$2,500 for taxpayers 65 years of age and older; and

41 2. Establishes the Real Estate Property Tax Relief Task Force. Using data collected at
42 the municipal, county, state and national level, the task force is required to examine the

1 assessment of property taxes and property tax relief programs and make recommendations
2 for improving the process involved in determining, levying and paying property taxes and
3 reducing the tax burden, including possible changes to the Constitution of Maine and other
4 laws. The membership of the task force includes Legislators, economists, tax experts, real
5 estate professionals and representatives of low-income and older residents and is required
6 to be geographically diverse.