

# MAINE STATE LEGISLATURE

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M  
R. 028

L.D. 1625

DATE: 6-3-05

(Filing No. H-630)

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
122ND LEGISLATURE  
FIRST SPECIAL SESSION

HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to S.P. 602, L.D. 1625, Bill, "An Act To Fully Fund the Homestead Exemption"

Amend the amendment by inserting after the title the following:

'Amend the bill by striking out the title and substituting the following:

'An Act To Increase the Funding of the Homestead Exemption''

Further amend the amendment in the first paragraph after the title in the first line (page 1, line 22 in amendment) by striking out the following: "Amend" and inserting in its place the following: 'Further amend'

Further amend the amendment by striking out all of Part A and inserting in its place the following:

**'PART A**

**Sec. A-1. 36 MRSA §683, sub-§1**, as repealed and replaced by PL 2005, c. 2, Pt. F, §1 and affected by §5, is amended to read:

**1. Exemption amount.** Except for assessments for special benefits, the just value of ~~\$13,000~~ \$10,000 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

**HOUSE AMENDMENT**

R. 05/08

2 assessor shall multiply the amount of the exemption by the ratio  
of current just value upon which the assessment is based as  
4 furnished in the assessor's annual return pursuant to section  
383. If the title to the homestead is held by the applicant  
6 jointly or in common with others, the exemption may not exceed  
\$13,000 \$10,000 of the just value of the homestead, but may be  
8 apportioned among the owners who reside on the property to the  
extent of their respective interests. A municipality responsible  
10 for administering the homestead exemption has no obligation to  
create separate accounts for each partial interest in a homestead  
12 owned jointly or in common.

14 **Sec. A-2. 36 MRSA §683, sub-§§3 and 4**, as amended by PL 2005,  
c. 2, Pt. F, §3 and affected by §5, are further amended to read:

16 **3. Effect on state valuation.** Fifty-percent For property  
18 tax years beginning in 2005 and 2006, 70% of the just value of  
homesteads exempt under this subchapter must be included in the  
annual determination of state valuation under sections 208 and  
20 305. For property tax years beginning in 2007 and beyond, 100%  
22 of the just value of homesteads exempt under this subchapter must  
be included in the annual determination of state valuation under  
24 sections 208 and 305.

26 **4. Property tax rate.** Fifty-percent For property tax  
years beginning in 2005 and 2006, 70% of the value of homestead  
28 exemptions under this subchapter must be included in the total  
municipal valuation used to determine the municipal tax rate.  
30 For property tax years beginning in 2007 and beyond, 100% of the  
value of homestead exemptions under this subchapter must be  
32 included in the total municipal valuation used to determine the  
municipal tax rate. The municipal tax rate as finally determined  
34 may be applied to only the taxable portion of each homestead  
qualified for that tax year.

36 **Sec. A-3. 36 MRSA §685, sub-§2**, as amended by PL 2005, c. 2,  
Pt. F, §4 and affected by §5, is further amended to read:

38 **2. Entitlement to reimbursement by State; calculation.** A  
40 municipality that has approved homestead exemptions under this  
subchapter may recover from the State 50% 70% of the taxes lost  
42 by reason of the exemptions upon proof in a form satisfactory to  
the bureau. For property tax years beginning in 2007 and beyond,  
44 a municipality that has approved homestead exemptions under this  
subchapter may recover from the State 100% of the taxes lost by  
46 reason of the exemptions upon proof in a form satisfactory to the  
bureau. The bureau shall reimburse the Unorganized Territory  
48 Education and Services Fund for 50% 70% of taxes lost by reason  
of the exemption. For property tax years beginning in 2007 and  
50 beyond, the bureau shall reimburse the Unorganized Territory

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HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to S.P. 602, L.D. 1625

Education and Services Fund for 100% of taxes lost by reason of the exemption.

**Sec. A-4. Appropriations and allocations.** The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES,  
DEPARTMENT OF**

**Homestead Property Tax Exemption - Mandate Reimbursement 0886**

Initiative: Provides funds to increase the reimbursement to municipalities from 50% to 70% and reduce the homestead exemption to \$10,000.

<b>GENERAL FUND</b>	<b>2005-06</b>	<b>2006-07</b>
All Other	\$1,482,374	\$1,338,448
	<hr/>	<hr/>
<b>GENERAL FUND TOTAL</b>	<b>\$1,482,374</b>	<b>\$1,338,448</b>

**Homestead Property Tax Exemption - Mandate Reimbursement 0887**

Initiative: Provides funds to reimburse municipalities for the additional costs of applying the change retroactively to property tax valuations made on April 1, 2005.

<b>GENERAL FUND</b>	<b>2005-06</b>	<b>2006-07</b>
All Other	\$400,000	\$0
	<hr/>	<hr/>
<b>GENERAL FUND TOTAL</b>	<b>\$400,000</b>	<b>\$0</b>

**ADMINISTRATIVE AND FINANCIAL SERVICES,  
DEPARTMENT OF**

<b>DEPARTMENT TOTALS</b>	<b>2005-06</b>	<b>2006-07</b>
<b>GENERAL FUND</b>	<b>\$1,882,374</b>	<b>\$1,338,448</b>
	<hr/>	<hr/>
<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>\$1,882,374</b>	<b>\$1,338,448</b>

**Sec. A-5. Retroactive application.** This Part applies retroactively to property tax valuations determined on or after April 1, 2005.'

Further amend the amendment in Part B in section 3 by striking out all of the last 4 lines (page 4, lines 1 to 4 in amendment) and inserting in their place the following:

<b>GENERAL FUND</b>	<b>2005-06</b>	<b>2006-07</b>
All Other	\$2,270,088	\$1,951,888
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HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to S.P. 602, L.D. 1625

GENERAL FUND TOTAL \$2,270,088 \$1,951,888'

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**SUMMARY**

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This amendment decreases the Maine resident property tax exemption amount from \$13,000 to \$10,000 and increases the reimbursement to municipalities to 100% in 2 steps. For property tax years 2005 and 2006, the State will reimburse municipalities 70% of the lost property tax revenue. Beginning with property tax year 2007, the reimbursement by the State increases to 100%.

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This amendment also eliminates the transfer of funds from the Maine Budget Stabilization Fund proposed in Committee Amendment "A."

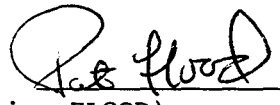
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**FISCAL NOTE REQUIRED  
(See attached)**

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SPONSORED BY:   
(Representative FLOOD)

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TOWN: Winthrop

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**HOUSE AMENDMENT**



# 122nd MAINE LEGISLATURE

LD 1625

LR 2265(05)

## An Act To Fully Fund the Homestead Exemption

Fiscal Note for House Amendment "A" to Committee Amendment "A"

Sponsor: Rep. Flood

Fiscal Note Required: Yes

### Fiscal Note

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$0	\$17,268,993	\$20,898,694
<b>Appropriations/Allocations</b>				
General Fund	(\$33,987,714)	(\$613,440)	\$16,690,247	\$20,278,419
<b>Revenue</b>				
General Fund	(\$387,714)	(\$613,440)	(\$578,747)	(\$620,275)
Other Special Revenue Funds	(\$21,267)	(\$33,649)	(\$31,746)	(\$34,024)
<b>Transfers</b>				
General Fund	(\$33,600,000)	\$0	\$0	\$0

#### Fiscal Detail and Notes

This amendment has no net General Fund impact in the 2006-2007 biennium. It decreases General Fund revenue by \$387,714 in fiscal year 2005-06 and \$613,440 in fiscal year 2006-07. It eliminates the \$33,600,000 transfer from the Maine Budget Stabilization Fund and reduces the General Fund appropriations required by \$33,987,714 in fiscal year 2005-06 and \$613,440 in fiscal year 2006-07.