

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2005

Legislative Document

No. 1625

S.P. 602

In Senate, May 3, 2005

An Act To Fully Fund the Homestead Exemption

(AFTER DEADLINE)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.
Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script, reading 'Joy J. O'Brien'.

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator COWGER of Kennebec.
Cosponsored by Representative BOWLES of Sanford and
Senators: CLUKEY of Aroostook, DAMON of Hancock, DAVIS of Piscataquis, HOBBS of
York, MARTIN of Aroostook, MITCHELL of Kennebec, SCHNEIDER of Penobscot,
Representative: CLOUGH of Scarborough.

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

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Sec. 1. 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:

3. Effect on state valuation. ~~Fifty-percent-of-the~~ 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. ~~Fifty-percent-of-the~~ 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. 2. 36 MRSA §685, sub-§2, as amended by PL 2005, c. 2, Pt. F, §4 and affected by §5, is further amended to read:

2. Entitlement to reimbursement by State; calculation. A municipality that has approved homestead exemptions under this subchapter may recover from the State ~~50%~~ 100% 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 ~~50%~~ 100% of taxes lost by reason of the exemption.

Sec. 3. Appropriations and allocations. The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES,
DEPARTMENT OF**

Homestead Property Tax Exemption Reimbursement 0886

Initiative: To increase the reimbursement to municipalities from 50% to 100% of the increase in the homestead exemption to \$13,000.

GENERAL FUND	2005-06	2006-07
All Other	\$35,438,172	\$36,267,826
GENERAL FUND TOTAL	\$35,438,172	\$36,267,826

Sec. 4. Retroactive application. This Act applies retroactively to property tax valuations determined on or after April 1, 2005.

2

SUMMARY

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Legislative Document 1, "An Act To Increase the State Share of Education Costs, Reduce Property Taxes and Reduce Government Spending at All Levels," which was signed into law as Public Law 2005, chapter 2, increased the Maine resident homestead property tax exemption amount to \$13,000 per permanent homestead but only provided 50% reimbursement to municipalities for the decreased property tax revenue.

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This bill instead increases the reimbursement to municipalities to 100%.