

# MAINE STATE LEGISLATURE

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# 123rd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2007

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Legislative Document

No. 877

H.P. 667

House of Representatives, February 27, 2007

### **An Act Regarding the Homestead Exemption as It Applies to Certain Housing Cooperatives**

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative TARDY of Newport.

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

2 **Sec. 1. 36 MRSA §685, sub-§2,** as amended by PL 2005, c. 2, Pt. F, §4 and  
3 affected by §5, is further amended to read:

4 **2. Entitlement to reimbursement by the State; calculation.** A municipality that  
5 has approved homestead exemptions under this subchapter may recover from the State  
6 50% of the taxes lost by reason of the exemptions upon proof in a form satisfactory to the  
7 bureau. The bureau shall reimburse the Unorganized Territory Education and Services  
8 Fund for 50% of taxes lost by reason of the exemption. In the case of an exemption for a  
9 housing cooperative corporation pursuant to section 683, if the property was part of a  
10 municipal tax increment financing district prior to the granting of the homestead  
11 exemption by the municipality and the municipality was obligated under a credit  
12 enhancement agreement relating to that district to make payments of the tax increment to  
13 a 3rd party, the municipality shall treat its recovery from the State under this section as  
14 part of the tax increment for purposes of the credit enhancement agreement and pay that  
15 recovery to the person or entity entitled to such tax increment financing payments in the  
16 same percentage as the payments of the tax increment in that district by the municipality.

17 **SUMMARY**

18 The homestead property tax exemption was amended in the Second Regular Session  
19 of the 122nd Legislature to extend the homestead exemption to a cooperative housing  
20 corporation. Certain cooperative housing corporations are in tax increment financing  
21 districts. That law had an inadvertent adverse effect on certain cooperative housing  
22 corporations in existing tax increment financing districts. This bill treats the State's 50%  
23 reimbursement of the taxes lost by reason of the exemptions as property tax for purposes  
24 of those tax increment financing districts.