

# MAINE STATE LEGISLATURE

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# 125th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2011

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Legislative Document

No. 838

H.P. 635

House of Representatives, March 3, 2011

**An Act To Make the Homestead Property Tax Exemption More  
Flexible for Municipalities and Remain Revenue Neutral for the  
State**

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Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Heather J.R. Priest".

HEATHER J.R. PRIEST  
Clerk

Presented by Representative CHASE of Wells.  
Cosponsored by Senator COLLINS of York and  
Representatives: HARMON of Palermo, KNIGHT of Livermore Falls, KUMIEGA of Deer  
Isle, PILON of Saco.

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

2 **Sec. 1. 36 MRSA §683, sub-§1**, as amended by PL 2009, c. 213, Pt. YYY, §1  
3 and affected by c. 652, Pt. A, §63, is further amended to read:

4 **1. Exemption amount.** Except for assessments for special benefits, and except as  
5 provided in subsection 1-B, the just value of ~~\$10,000~~ \$5,000 of the homestead of a  
6 permanent resident of this State who has owned a homestead in this State for the  
7 preceding 12 months is exempt from taxation. In determining the local assessed value of  
8 the exemption, the assessor shall multiply the amount of the exemption by the ratio of  
9 current just value upon which the assessment is based as furnished in the assessor's  
10 annual return pursuant to section 383. If the title to the homestead is held by the  
11 applicant jointly or in common with others, the exemption may not exceed ~~\$10,000 of the~~  
12 ~~just value of the homestead~~ the value provided in this section and subsection 1-B, if  
13 applicable, but may be apportioned among the owners who reside on the property to the  
14 extent of their respective interests. A municipality responsible for administering the  
15 homestead exemption has no obligation to create separate accounts for each partial  
16 interest in a homestead owned jointly or in common.

17 **Sec. 2. 36 MRSA §683, sub-§1-B** is enacted to read:

18 **1-B. Local option exemption.** A municipality may by ordinance add to the value of  
19 the exemption established by subsection 1. The just value of the homestead exemption  
20 established by local option may not exceed 200% of the dollar value of the exemption  
21 established in subsection 1. No amount of the tax revenue lost to the municipality by  
22 reason of the local option exemption authorized by this subsection may be reimbursed by  
23 the State pursuant to section 685.

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

26 **2. Entitlement to reimbursement by the State; calculation.** A municipality that  
27 has approved homestead exemptions under this subchapter may recover from the State  
28 ~~50%~~ 100% of the taxes lost by reason of the exemptions provided in subsection 1 upon  
29 proof in a form satisfactory to the bureau. The bureau shall reimburse the Unorganized  
30 Territory Education and Services Fund for ~~50%~~ 100% of taxes lost by reason of the  
31 exemption provided in subsection 1.

32 **Sec. 4. Legislative finding.** The Legislature finds that the municipally adopted  
33 portion of the homestead property tax exemption authorized by this Act is not a statutory  
34 property tax exemption or credit for purposes of the Constitution of Maine, Article IV,  
35 Part Third, Section 23 and that state reimbursement for property tax revenue loss under  
36 that provision is not required.

37 **SUMMARY**

38 This bill amends the law governing the homestead property tax exemption by  
39 reducing the exemption from \$10,000 to \$5,000 and providing that the State must

1 reimburse municipalities for 100% of the exemption rather than 50%. The bill also  
2 authorizes municipalities by ordinance to add a local level of exemption of up to 200% of  
3 the state-required exemption. State reimbursement is not required for a locally adopted  
4 exemption.