

MAINE STATE LEGISLATURE

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(Filing No. H-563)

MAJORITY
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STATE OF MAINE
HOUSE OF REPRESENTATIVES
128TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 687, L.D. 974, Bill, "An Act To Increase the Homestead Exemption"

Amend the bill by inserting after section 1 the following:

Sec. 2. 36 MRSA §683, sub-§§3 and 4, as amended by PL 2015, c. 390, §2, are further amended to read:

3. Effect on state valuation. For property tax years beginning before April 1, 2017, 50% of the just value of all the homestead exemptions under this subchapter must be included in the annual determination of state valuation under sections 208 and 305. For property tax years beginning on ~~or after~~ April 1, 2017, 62.5% of the just value of all the homestead exemptions under this subchapter must be included in the annual determination of state valuation under sections 208 and 305. For property tax years beginning on or after April 1, 2018, 100% of the just value of all the homestead exemptions under this subchapter must be included in the annual determination of state valuation under sections 208 and 305.

4. Property tax rate. For property tax years beginning before April 1, 2017, 50% of the just value of all the homestead exemptions under this subchapter must be included in the total municipal valuation used to determine the municipal tax rate. For property tax years beginning on ~~or after~~ April 1, 2017, 62.5% of the just value of all the homestead exemptions under this subchapter must be included in the total municipal valuation used to determine the municipal tax rate. For property tax years beginning on or after April 1, 2018, 100% of the just value of all the 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. 3. 36 MRSA §685, sub-§2, as amended by PL 2015, c. 390, §§3 and 4, is further amended to read:

2. Entitlement to reimbursement by the State; calculation. A municipality that has approved homestead exemptions under this subchapter may recover from the State:

COMMITTEE AMENDMENT

ROPS

- 1 A. For property tax years beginning before April 1, 2017, 50% of the taxes lost by
- 2 reason of the exemptions under section 683, subsections 1 and 1-B; ~~and~~
- 3 B. For property tax years beginning on ~~or after~~ April 1, 2017, 62.5% of the taxes lost
- 4 by reason of the exemptions under section 683, subsections 1 and 1-B; and
- 5 C. For property tax years beginning on or after April 1, 2018, 100% of the taxes lost
- 6 by reason of the exemptions under section 683, subsections 1 and 1-B.

7 The municipality must provide proof in a form satisfactory to the bureau. The bureau
8 shall reimburse the Unorganized Territory Education and Services Fund in the same
9 manner for taxes lost by reason of the exemptions.

10 **Sec. 4. Appropriations and allocations.** The following appropriations and
11 allocations are made.

12 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

13 **Homestead Property Tax Exemption Reimbursement 0886**

14 Initiative: Provides funding to increase the homestead property tax exemption to \$30,000
15 and provide for 100% reimbursement to municipalities for property tax years beginning
16 April 1, 2018.

17	GENERAL FUND	2017-18	2018-19
18	All Other	\$0	\$75,700,000
19			
20	GENERAL FUND TOTAL	\$0	\$75,700,000
21			

22 **SUMMARY**

23 This amendment adds provisions to the bill to increase state reimbursement for all
24 homestead property tax exemptions from 62.5% to 100% for property tax years beginning
25 on or after April 1, 2018 and provides funding for that reimbursement.

26 **FISCAL NOTE REQUIRED**

27 (See attached)



128th MAINE LEGISLATURE

LD 974

LR 2077(02)

An Act To Increase the Homestead Exemption

Fiscal Note for Bill as Amended by Committee Amendment *Am (H-563)*

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	FY 2017-18	FY 2018-19	Projections FY 2019-20	Projections FY 2020-21
Net Cost (Savings)				
General Fund	\$0	\$75,700,000	\$103,400,000	\$106,600,000
Appropriations/Allocations				
General Fund	\$0	\$75,700,000	\$103,400,000	\$106,600,000

Fiscal Detail and Notes

This bill increases the homestead property tax exemption to \$30,000 and provides for 100% reimbursement to municipalities for property tax years beginning April 1, 2018. The bill includes a General Fund appropriation of \$75,700,000 to the Department of Administrative and Financial Services in fiscal year 2018-19 to reimburse municipalities.