

MAINE STATE LEGISLATURE

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L.D. 708

Date: 6-2-21

(Filing No. H-322)

Minority
TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
130TH LEGISLATURE
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to H.P. 520, L.D. 708, "An Act To Increase the Homestead Exemption to \$50,000"

Amend the bill by inserting after section 1 the following:

Sec. 2. 36 MRSA §683, sub-§3, as amended by PL 2019, c. 343, Pt. H, §3, is further amended to read:

3. Effect on state valuation. For property tax years beginning before April 1, 2018, 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 April 1, 2018 and April 1, 2019, 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, 2020, 70% 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, 2021, 85% 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.

Sec. 3. 36 MRSA §683, sub-§4, as amended by PL 2019, c. 343, Pt. H, §3, is further amended to read:

4. Property tax rate. For property tax years beginning before April 1, 2018, 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 April 1, 2018 and April 1, 2019, 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, 2020, 70% 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, 2021, 85% of the just value of all the homestead exemptions under this subchapter must be included in the

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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. 4. 36 MRSA §685, sub-§2, as amended by PL 2019, c. 343, Pt. H, §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:

A. For property tax years beginning before April 1, 2018, 50% of the taxes lost by reason of the exemptions under section 683, subsections 1 and 1-B;

B. For property tax years beginning on April 1, 2018 and April 1, 2019, 62.5% of the taxes lost by reason of the exemptions under section 683, subsections 1 and 1-B; and

C. For property tax years beginning on or after April 1, 2020, 70% of the taxes lost by reason of the exemptions under section 683, subsections 1 and 1-B; and

D. For property tax years beginning on or after April 1, 2021, 85% of the taxes lost by reason of the exemptions under section 683, subsections 1 and 1-B.

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

Sec. 5. Appropriations and allocations. The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF
Homestead Property Tax Exemption Reimbursement 0886**

Initiative: Provides funding to increase the homestead property tax exemption from \$25,000 to \$50,000 and the reimbursement rate from 70% to 85% beginning April 1, 2021.

GENERAL FUND

| | 2021-22 | 2022-23 |
|---------------------------|----------------------|----------------------|
| All Other | \$102,211,052 | \$136,601,077 |
| GENERAL FUND TOTAL | <u>\$102,211,052</u> | <u>\$136,601,077</u> |

Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

SUMMARY

This amendment adds provisions increasing the rate of state reimbursement from the current rate of 70% to 85%, which has the effect of reimbursing municipalities for 100% of revenue lost as a result of the increase in the homestead property tax exemption to \$50,000.

FISCAL NOTE REQUIRED

(See attached)



130th MAINE LEGISLATURE

LD 708

LR 221(02)

An Act To Increase the Homestead Exemption to \$50,000

Fiscal Note for Bill as Amended by Committee Amendment *Arch-322*

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

| | FY 2021-22 | FY 2022-23 | Projections FY 2023-24 | Projections FY 2024-25 |
|--|---------------|---------------|---------------------------|---------------------------|
| Net Cost (Savings) General Fund | \$102,211,052 | \$136,601,077 | \$138,775,667 | \$141,574,404 |
| Appropriations/Allocations General Fund | \$102,211,052 | \$136,601,077 | \$138,775,667 | \$141,574,404 |

Fiscal Detail and Notes

The bill includes a General Fund appropriation to the Department of Administrative and Financial Services of \$102,211,052 in fiscal year 2021-22 and \$136,601,077 in fiscal year 2022-23 to increase the homestead property tax exemption from \$25,000 to \$50,000 and the reimbursement rate from 70% to 85% beginning April 1, 2021.