

MAINE STATE LEGISLATURE

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130th MAINE LEGISLATURE

FIRST SPECIAL SESSION-2021

Legislative Document

No. 1448

H.P. 1064

House of Representatives, April 12, 2021

**An Act To Increase State Reimbursement to Municipalities for
Revenue Lost Due to the Homestead Property Tax Exemption**

Received by the Clerk of the House on April 8, 2021. Referred to the Committee on
Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative TALBOT ROSS of Portland.

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

2 **Sec. 1. 36 MRSA §683**, as amended by PL 2019, c. 343, Pt. H, §§2 and 3, is further
3 amended by enacting a new first paragraph to read:

4 The property tax assessed on a homestead eligible for an exemption under this section
5 may not be less than \$100.

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

8 **3. Effect on state valuation.** For property tax years beginning before April 1, 2018,
9 50% of the just value of all the homestead exemptions under this subchapter must be
10 included in the annual determination of state valuation under sections 208 and 305. For
11 property tax years beginning on April 1, 2018 and April 1, 2019, 62.5% of the just value
12 of all the homestead exemptions under this subchapter must be included in the annual
13 determination of state valuation under sections 208 and 305. For property tax years
14 beginning on ~~or after~~ April 1, 2020 and April 1, 2021, 70% of the just value of all the
15 homestead exemptions under this subchapter must be included in the annual determination
16 of state valuation under sections 208 and 305. For property tax years beginning on or after
17 April 1, 2022, 100% of the just value of all the homestead exemptions under this subchapter
18 must be included in the annual determination of state valuation under sections 208 and 305.

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

21 **4. Property tax rate.** For property tax years beginning before April 1, 2018, 50% of
22 the just value of all the homestead exemptions under this subchapter must be included in
23 the total municipal valuation used to determine the municipal tax rate. For property tax
24 years beginning on April 1, 2018 and April 1, 2019, 62.5% of the just value of all the
25 homestead exemptions under this subchapter must be included in the total municipal
26 valuation used to determine the municipal tax rate. For property tax years beginning on ~~or~~
27 ~~after~~ April 1, 2020 and April 1, 2021, 70% of the just value of all the homestead exemptions
28 under this subchapter must be included in the total municipal valuation used to determine
29 the municipal tax rate. For property tax years beginning on or after April 1, 2022, 100%
30 of the just value of all the homestead exemptions under this subchapter must be included
31 in the total municipal valuation used to determine the municipal tax rate. The municipal
32 tax rate as finally determined may be applied to only the taxable portion of each homestead
33 qualified for that tax year.

34 **Sec. 4. 36 MRSA §685, sub-§2**, as amended by PL 2019, c. 343, Pt. H, §4, is further
35 amended to read:

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

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

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

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

3 D. For property tax years beginning on or after April 1, 2022, 100% of the taxes lost
4 by reason of the exemptions under section 683, subsections 1 and 1-B.

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

8 **SUMMARY**

9 This bill increases the state reimbursement for the property tax revenue lost by a
10 municipality due to the Maine resident homestead property tax exemption to 100%
11 beginning with property tax years beginning on or after April 1, 2022. This bill also
12 specifies that the property tax assessed on a homestead eligible for the homestead
13 exemption may not be less than \$100.