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An Act To Increase the State Share of the Homestead Exemption to 70%

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

Sec. 1. 36 MRSA §683, sub-§3, as amended by PL 2005, c. 2, Pt. F, §3 and affected by §5, is further amended to read:

3. Effect on state valuation. ~~Fifty~~Seventy percent of the just value of homesteads exempt under this subchapter must be included in the annual determination of state valuation under sections 208 and 305.

Sec. 2. 36 MRSA §683, sub-§4, as amended by PL 2005, c. 2, Pt. F, §3 and affected by §5, is further amended to read:

4. Property tax rate. ~~Fifty~~Seventy percent of the value of 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 2005, c. 2, Pt. F, §4 and affected by §5, 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 ~~50%~~70% of the taxes lost by reason of the exemptions upon proof in a form satisfactory to the bureau. The bureau shall reimburse the Unorganized Territory Education and Services Fund for ~~50%~~70% of taxes lost by reason of the exemption.

Sec. 4. Retroactive application. This Act applies retroactively to property tax valuations determined on or after April 1, 2007.

SUMMARY

This bill increases the state reimbursement to municipalities under the Maine resident homestead property tax exemption program from 50% to 70%.