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An Act To Authorize a Local Option Homestead Exemption

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

Sec. 1. 36 MRSA §681, first ¶, as enacted by PL 1997, c. 643, Pt. HHH, §3 and as affected by §10, is amended to read:

As used in this subchapter and chapter 907-B, unless the context otherwise indicates, the following terms have the following meanings.

Sec. 2. 36 MRSA §683, sub-§2, as enacted by PL 1997, c. 643, Pt. HHH, §3 and as affected by §10, is amended to read:

2. Exemption in addition to other exemptions. The exemption provided in this subchapter is in addition to the exemptions provided in sections 653 and 654 and chapter 907-B.

Sec. 3. 36 MRSA c. 907-B is enacted to read:

CHAPTER 907-B

LOCAL option HOMESTEAD PROPERTY TAX EXEMPTION PROGRAM

§ 6241. Short title

This chapter may be known and cited as the Local Option Homestead Property Tax Exemption Program.

§ 6242. Definitions

Unless the context otherwise indicates, terms used in this chapter have the same meaning as defined in chapter 105, subchapter 4-B.

§ 6243. Municipal authority

The legislative body of a municipality may adopt by ordinance a program to provide a local option homestead property tax exemption to persons with a homestead in that municipality.

1. Conditions of program. A program adopted under this section must:

A. Have the same eligibility requirements as the homestead property tax exemption established in chapter 105, subchapter 4-B; and

B. Provide a maximum exemption of 20% of the just value of the homestead.

2. Relationship to state program. Benefits received under a program adopted by a municipality under this chapter are in addition to benefits provided under the exemption in chapter 105, subchapter 4-B.

3. Effect on state valuation. The municipal assessor shall subtract the value of the local option homestead property tax exemption under this section from the just value of each homestead receiving the exemption under this section for purposes of the annual determination of state valuation under sections 208 and 305.

4. Property tax rate. One hundred percent of local option homestead property tax exemptions granted by the municipality pursuant to this chapter 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 only to the taxable portion of each qualified homestead for that tax year.

5. Denial; appeals. If a municipal assessor determines that a property is not eligible for a local option homestead property tax exemption under this chapter, the assessor shall provide promptly a notice of denial, including the reasons for the denial, to the applicant either by personal delivery or regular mail. An applicant may appeal a denial of an exemption under this chapter using the procedures provided in chapter 105, subchapter 8.

§ 6244. Repeal of program

A municipality that has adopted a local option homestead property tax exemption program under this chapter may repeal it through the same procedure by which the program was adopted.

SUMMARY

This bill allows a municipality to adopt a local option homestead property tax exemption program that provides an exemption of up to 20% of the just value of the homestead. Eligibility criteria for the local option homestead property tax exemption must be the same as for the state homestead property tax exemption program. The benefit available under the local homestead exemption is in addition to the benefit available under the state homestead exemption.