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An Act To Make Real Estate Taxation Stable, Equitable and Predictable

CONCEPT DRAFT SUMMARY

This bill is a concept draft pursuant to Joint Rule 208.

This bill proposes to amend the property tax laws in the following ways:

1. Cap yearly increases in municipal spending to a percentage based upon the Consumer Price Index published by the United States Department of Labor, Bureau of Labor Statistics;
2. Limit tax-exempt property to 10% of the area of a municipality;
3. Assess equally the square footage of all land in a municipality in the same land use zone, with exceptions for land with a higher social value, such as waterfront, farmland, forest land, open space, interstate access roads and railroad land, which would receive no or a reduced tax rate or the owners of that land would receive a tax credit;
4. Assess equally the square footage of all buildings in the same land use zone in a municipality and with access to the same utilities, for example, public water and sewer;
5. If there is a budget shortfall for a fiscal year, allow a municipality to assess a budget gap adjustment that would cover the shortfall as a percentage of the combined property values in sections 3 and 4 to be applied equally among all property owners in the municipality;
6. Implement a homestead exemption program for certain property owners in disadvantaged circumstances, such as property owners who are low-income or 65 years of age or older or who have a physical disability; and
7. Enhance municipal revenues based upon the fair market value of the property by a special assessment of a percentage of the following:
 - A. The capital gains incurred when a property changes ownership or is otherwise transferred;
 - B. An increase in value when a change in property status occurs, such as the property's zoning, use, impact or connection to a utility; or
 - C. An increase in value resulting from tax increment financing or infrastructure improvements.