



# 132nd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2025

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Legislative Document

No. 542

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H.P. 361

House of Representatives, February 11, 2025

### An Act Regarding Municipal Property Tax Levy Limits

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Reference to the Committee on State and Local Government suggested and ordered printed.

*Robert B. Hunt*  
ROBERT B. HUNT  
Clerk

Presented by Representative ADAMS of Lebanon.

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

2 **Sec. 1. 30-A MRSA §5681, sub-§8**, as amended by PL 2023, c. 603, §1, is further  
3 amended to read:

4 **8. Posting of ~~revenue-sharing~~ revenue-sharing projections.** For the purpose of  
5 assisting municipalities in a timely manner in their budget development process and in the  
6 determination of their property tax levy limits as required by section 5721-B, the Treasurer  
7 of State shall post no later than April 15th of each year on the Treasurer of State's website  
8 the projected ~~revenue-sharing~~ revenue-sharing distributions as required by this section  
9 according to the most recently issued state revenue forecasts issued by the Revenue  
10 Forecasting Committee pursuant to Title 5, chapter 151-B for the subsequent fiscal year  
11 beginning on July 1st.

12 **Sec. 2. 30-A MRSA §5721-B** is enacted to read:

13 **§5721-B. Limitation on municipal property tax levy**

14 **1. Definitions.** As used in this section, unless the context otherwise indicates, the  
15 following terms have the following meanings.

16 A. "Average personal income growth" has the same meaning as in Title 5, section  
17 1531, subsection 2.

18 B. "Property growth factor" means the percentage equivalent to a fraction established  
19 by a municipality, whose denominator is the total valuation of the municipality, and  
20 whose numerator is the amount of increase in the assessed valuation of any real or  
21 personal property in the municipality that became subject to taxation for the first time,  
22 or taxed as a separate parcel for the first time for the most recent property tax year for  
23 which information is available, or that has had an increase in its assessed valuation over  
24 the prior year's valuation as a result of improvements to or expansion of the property.  
25 A municipality identified as having a personal property factor that exceeds 5%, as  
26 determined pursuant to Title 36, section 694, subsection 2, paragraph B, may calculate  
27 its property growth factor by including in the numerator and the denominator the value  
28 of personal and otherwise qualifying property introduced into the municipality  
29 notwithstanding the exempt status of that property pursuant to Title 36, chapter 105,  
30 subchapter 4-C.

31 C. "Property tax levy" means the total annual municipal appropriations, excluding  
32 assessments properly issued by a county of which the municipality is a member and  
33 amounts governed by and appropriated in accordance with Title 20-A, chapter 606-B,  
34 and amounts appropriated to pay assessments properly issued by a school  
35 administrative unit or tuition for students or amounts attributable to a tax increment  
36 financing district agreement or similar special tax district, reduced by all resources  
37 available to fund those appropriations other than the property tax.

38 **2. Property tax levy limit.** Except as otherwise provided in this section, a  
39 municipality may not in any year adopt a property tax levy that exceeds the property tax  
40 levy limit established in this subsection.

41 A. The property tax levy limit for the first fiscal year for which this section is effective  
42 is the property tax levy for the municipality for the immediately preceding fiscal year  
43 multiplied by one plus the growth limitation factor pursuant to subsection 3.

1           B. The property tax levy limit for subsequent fiscal years is the property tax levy limit  
2           for the preceding year multiplied by one plus the growth limitation factor pursuant to  
3           subsection 3.

4           C. If a previous year's property tax levy reflects the effect of extraordinary,  
5           nonrecurring events, the municipality may submit a written notice to the State Tax  
6           Assessor requesting an adjustment in its property tax levy limit.

7           **3. Growth limitation factor.** The growth limitation factor is the average personal  
8           income growth plus the property growth factor.

9           **4. Adjustment for new state funding.** If the State provides net new funding to a  
10           municipality for existing services funded in whole or in part by the property tax levy, other  
11           than required state mandate funds pursuant to section 5685 that do not displace current  
12           property tax expenditures, the municipality shall lower its property tax levy limit in that  
13           year in an amount equal to the net new funds. For purposes of this subsection, "net new  
14           funds" means the amount of funds received by the municipality from the State during the  
15           most recently completed calendar year, with respect to services funded in whole or in part  
16           by the property tax levy, less the product of the following: the amount of such funds  
17           received in the prior calendar year multiplied by one plus the growth limitation factor  
18           described in subsection 3. "Net new funds" refers to state-municipal revenue sharing and  
19           does not include changes in state funding for general assistance under Title 22, section 4311  
20           or in state funding under the Local Road Assistance Program under Title 23, section 1803-B  
21           if those changes are the result of the operation of the formula for calculation of state funding  
22           under those sections but does include changes in funding that are the result of a statutory  
23           change in the formula for calculation of state funding under those sections. If the  
24           calculation required by this subsection reveals that the municipality received or will receive  
25           a net reduction in funding, the municipality is authorized to adjust its property tax levy  
26           limit in an amount equal to the net reduction of funds. For the purpose of determining if  
27           there was or will be a net reduction in funding, the municipality may consider only those  
28           funds that are net new funds. For purposes of this subsection, with respect to the  
29           development of any municipal budget that was finally adopted on or before July 1, 2026,  
30           "net reduction in funding" means the amount of funds received by the municipality from  
31           the State during the calendar year immediately preceding the most recently completed  
32           calendar year less the amount of such funds received in the most recently completed  
33           calendar year. For the purposes of this subsection, with respect to the development of a  
34           municipal budget that is finally adopted after July 1, 2026, a municipality may calculate  
35           net reduction in funding as the amount of funds received by the municipality from the State  
36           during the municipal fiscal year immediately preceding the fiscal year for which the budget  
37           is being developed less the amount of such funds that will be received during the fiscal year  
38           for which the budget is being prepared, as reasonably calculated on the basis of all available  
39           information. If the calculation required by this subsection yields a positive value, that value  
40           may be added to the municipality's property tax levy limit. If a municipality receives net  
41           new funds in any fiscal year for which its property tax levy limit has not been adjusted as  
42           provided in this subsection, the municipality shall adjust its property tax levy limit in the  
43           following year in an amount equal to the net new funds.

44           **5. Exceeding property tax levy limit; extraordinary circumstances.** The property  
45           tax levy limit established in subsection 2 may be exceeded for extraordinary circumstances  
46           only under the following circumstances.

1           A. The extraordinary circumstances must be circumstances outside the control of the  
2           municipal legislative body, including:

3                   (1) Catastrophic events such as natural disaster, terrorism, fire, war or riot;

4                   (2) Unfunded or underfunded state or federal mandates;

5                   (3) Citizens' initiatives or other referenda;

6                   (4) Court orders or decrees; or

7                   (5) Loss of state or federal funding.

8           Extraordinary circumstances do not include changes in economic conditions, revenue  
9           shortfalls, increases in salaries or benefits or new programs or program expansions that  
10           go beyond existing program criteria and operation.

11           B. The property tax levy limit may be exceeded only as provided in subsection 7.

12           C. Exceeding the property tax levy limit established in subsection 2 permits the  
13           property tax levy to exceed the property tax levy limit only for the year in which the  
14           extraordinary circumstance occurs and does not increase the base for purposes of  
15           calculating the property tax levy limit for future years.

16           **6. Increase in property tax levy limit.** The property tax levy limit established in  
17           subsection 2 may be increased only as provided in subsection 7.

18           **7. Process for exceeding property tax levy limit.** A municipality may exceed or  
19           increase the property tax levy limit only by the following means.

20                   A. If the municipal budget is adopted by town meeting or by referendum, the property  
21                   tax levy limit may be exceeded by the same process that applies to adoption of the  
22                   municipal budget except that the vote must be by written ballot on a separate article  
23                   that specifically identifies the intent to exceed the property tax levy limit.

24                   B. If the municipal budget is adopted by a town council or city council, the property  
25                   tax levy limit may be exceeded only by a majority vote of all the elected members of  
26                   the town council or city council on a separate article that specifically identifies the  
27                   intent to exceed the property tax levy limit. Unless a municipal charter otherwise  
28                   provides or prohibits a petition and referendum process, if a written petition, signed by  
29                   at least 10% of the number of voters voting in the last gubernatorial election in the  
30                   municipality, requesting a vote on the question of exceeding the property tax levy limit  
31                   is submitted to the municipal officers within 30 days of the council's vote pursuant to  
32                   this paragraph, the article voted on by the council must be submitted to the legal voters  
33                   in the next regular election or a special election called for that purpose. The election  
34                   must be held within 45 days of the submission of the petition. The election must be  
35                   called, advertised and conducted according to the law relating to municipal elections,  
36                   except that the registrar of voters is not required to prepare or the clerk to post a new  
37                   list of voters and absentee ballots must be prepared and made available at least 14 days  
38                   prior to the date of the referendum. For the purpose of registration of voters, the  
39                   registrar of voters must be in session the secular day preceding the election. The voters  
40                   shall indicate by a cross or check mark placed against the word "Yes" or "No" their  
41                   opinion on the article. The results must be declared by the municipal officers and  
42                   entered upon the municipal records.

