



# 132nd MAINE LEGISLATURE

## FIRST SPECIAL SESSION-2025

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**Legislative Document**

**No. 1770**

S.P. 688

In Senate, April 23, 2025

### **An Act to Provide Immediate and Long-term Property Tax Relief to Maine Households**

(EMERGENCY)

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Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in black ink, appearing to read "D M Grant", is positioned above the printed name of the Secretary of the Senate.

DAREK M. GRANT  
Secretary of the Senate

Presented by President DAUGHTRY of Cumberland.  
Cosponsored by Speaker FECTEAU of Biddeford and  
Senators: BALDACCI of Penobscot, BICKFORD of Androscoggin, CARNEY of Cumberland,  
LIBBY of Cumberland, PIERCE of Cumberland, STEWART of Aroostook, Representatives:  
ANKELES of Brunswick, MATLACK of St. George.

1       **Emergency preamble.** Whereas, acts and resolves of the Legislature do not  
2 become effective until 90 days after adjournment unless enacted as emergencies; and

3       **Whereas**, the Legislature has enacted a series of property tax relief measures in recent  
4 years, including expanding the property tax fairness credit, improving the homestead  
5 property tax exemption, expanding the property tax deferral program and increasing state-  
6 municipal revenue sharing, in an effort to ease the burden on Maine households; and

7       **Whereas**, despite recent legislative efforts to provide relief, many Maine residents  
8 continue to face rising property tax bills and the State remains among the states where  
9 households spend a significant share of their income on property taxes, all amid broader  
10 increases in the cost of living; and

11       **Whereas**, the State is facing a statewide housing crisis, and rising property taxes,  
12 especially in high-demand areas, are making it harder for first-time home buyers and  
13 working families to afford stable housing, further straining the already limited supply of  
14 affordable homes; and

15       **Whereas**, at the same time, older Maine residents who wish to downsize or move  
16 closer to services often have no affordable housing options available, forcing them to  
17 remain in homes with sharply increased valuations and unaffordable property tax bills,  
18 despite living on fixed incomes; and

19       **Whereas**, municipalities across the State, ranging from small rural towns to larger  
20 cities, face varying budget pressures and responsibilities and often lack the resources,  
21 staffing or technology needed to ensure accurate, equitable and up-to-date property  
22 assessments; and

23       **Whereas**, the property tax fairness credit remains a vital tool for targeted tax relief,  
24 but current benefit levels do not fully reflect today's economic pressures or cost of living;  
25 and

26       **Whereas**, efforts to reform the property tax system in the State have often been  
27 constrained by constitutional requirements, such as the mandate that all real and personal  
28 property be assessed equally according to its just value; and

29       **Whereas**, other states have pursued innovative strategies, including constitutional  
30 reforms, to ensure effective and equitable property tax relief; and

31       **Whereas**, it is imperative that the State deliver immediate property tax relief and  
32 launch a comprehensive, data-driven process to develop long-term solutions through a  
33 representative task force; and

34       **Whereas**, in the judgment of the Legislature, these facts create an emergency within  
35 the meaning of the Constitution of Maine and require the following legislation as  
36 immediately necessary for the preservation of the public peace, health and safety; now,  
37 therefore,

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

39       **Sec. 1. 36 MRSA §5219-KK, sub-§2-D**, as amended by PL 2023, c. 412, Pt. S,  
40 §4, is repealed and the following enacted in its place:

1       **2-D. Credit in 2022 and after.** For tax years beginning on or after January 1, 2022,  
2       a resident individual is allowed a credit against the taxes imposed under this Part equal to  
3       the amount by which the benefit base for the resident individual exceeds 4% of the resident  
4       individual's income. The amount of the credit may not exceed:

5       A. For tax years beginning on or after January 1, 2022 and before January 1, 2025,  
6       \$1,000 for resident individuals under 65 years of age as of the last day of the taxable  
7       year;

8       B. For tax years beginning on or after January 1, 2022 and before January 1, 2024,  
9       \$1,500 for resident individuals 65 years of age and older as of the last day of the taxable  
10      year;

11      C. For tax years beginning on or after January 1, 2024 and before January 1, 2025,  
12      \$2,000 for resident individuals 65 years of age and older as of the last day of the taxable  
13      year;

14      D. For tax years beginning on or after January 1, 2025, \$2,000 for resident individuals  
15      under 65 years of age as of the last day of the taxable year; and

16      E. For tax years beginning on or after January 1, 2025, \$2,500 for resident individuals  
17      65 years of age and older as of the last day of the taxable year.

18      In the case of married individuals filing a joint return, only one spouse is required to be 65  
19      years of age or older to qualify for the credit limitation specified in paragraphs B, C and E.  
20      Married individuals filing separate returns do not qualify for the credit under this section.

21       **Sec. 2. Real Estate Property Tax Relief Task Force established.** The Real  
22      Estate Property Tax Relief Task Force, referred to in this section as "the task force," is  
23      established.

24       **1. Membership.** Notwithstanding Joint Rule 353, the task force consists of 13 voting  
25      members and at least 2 nonvoting members as follows.

26      A. The 13 voting members are appointed as follows:

27          (1) Two members of the Senate, appointed by the President of the Senate,  
28          including at least one member of the party holding the 2nd largest number of seats  
29          in the Legislature and at least one of whom has expertise or background in the area  
30          of taxation;

31          (2) Two members of the House of Representatives, appointed by the Speaker of  
32          the House, including at least one member of the party holding the 2nd largest  
33          number of seats in the Legislature and at least one of whom has expertise or  
34          background in the area of taxation;

35          (3) Three members of the public, appointed by the President of the Senate, as  
36          follows:

37              (a) One member who is a representative of economists or who is a tax expert;

38              (b) One member who is a representative of low-income residents of the State;  
39              and

40              (c) One member who has legal experience with constitutional issues or  
41              property tax issues;

(4) Three members of the public, appointed by the Speaker of the House, as follows:

- (a) One member who is involved in real estate, economic or housing development with experience in long-term homeownership trends in the State;
- (b) One member who represents the business sector and who has paid property taxes over the last 10 years; and
- (c) One member who has expertise in assessing property taxes; and

(5) Three members of the public, appointed by the Governor, as follows:

- (a) One member who represents the interests of municipalities with fewer than 15,000 residents and who has expertise in municipal government, municipal taxation, local government finance or property valuation;
- (b) One member who represents the interests of municipalities with at least 15,000 residents and who has expertise in municipal government, municipal taxation, local government finance or property valuation; and
- (c) One member who represents the interests of older residents.

In making their appointments, the President of the Senate, the Speaker of the House and the Governor, to the extent feasible, shall ensure the membership of the task force reflects comprehensive geographic representation from the State.

B. The nonvoting members are as follows:

- (1) The Commissioner of Administrative and Financial Services or the commissioner's designee;
- (2) The Associate Commissioner for Tax Policy within the Department of Administrative and Financial Services, Bureau of Revenue Services or the associate commissioner's designee; and
- (3) Any additional members invited to participate by the chairs of the task force pursuant to subsection 2.

**2. Chairs; nonvoting members; selection of contracted entity.** The first-named Senate member is the Senate chair and the first-named House of Representatives member is the House chair of the task force. The chairs may invite, as nonvoting members of the task force, individuals who have expertise in municipal government, municipal finance, economic development, constitutional law, tax policy, housing policy or tax assessing. The chairs may select the contracted entity described in subsection 5, paragraph A, prior to all appointments being made. Prior to the first meeting of the task force, the chairs may select the contracted entity of the task force.

**3. Appointments; convening of task force.** All appointments must be made no later than 30 days following the effective date of this Act. The appointing authorities shall notify the Executive Director of the Legislative Council once all appointments have been completed. After appointment of all members, the chairs shall call and convene the first meeting of the task force. If 30 days or more after the effective date of this resolve a majority of but not all appointments have been made, the chairs may request authority and the Legislative Council may grant authority for the task force to meet and conduct its business.

**4. Meetings.** The task force shall meet at least 4 times but no more than 8 times.

1           **5. Duties.** The task force shall:

2           A. Contract with an entity for research and analytical support, as selected by the chairs  
3           pursuant to subsection 2, with the goal of determining the source of the problems with  
4           the current system of property taxation, who is most negatively affected by the current  
5           system of property taxation and how those persons are negatively affected. At the  
6           direction of the chairs, an entity contracted with pursuant to this paragraph shall gather  
7           and analyze statewide property tax data, which may include:

8                 (1) For each municipality or each municipality within a representative sample of  
9                 municipalities by county:

10                     (a) The average property value, property tax bill and length of  
11                     homeownership, differentiated by waterfront and nonwaterfront properties;

12                     (b) The types of property; mill rate; date of last valuation; property valuation  
13                     practices, including whether the municipality performs the valuations; median  
14                     income of residents; number of households eligible to claim and actually  
15                     claiming the property tax fairness credit pursuant to the Maine Revised  
16                     Statutes, Title 36, section 5219-KK; number of homesteads eligible to  
17                     participate in and actually participating in the deferred collection of homestead  
18                     property taxes pursuant to Title 36, chapter 908; which municipalities have  
19                     municipally funded and administered property tax relief programs; and the  
20                     percentage of homes that are primary residences, the percentage of commercial  
21                     property and the percentage of vacant commercial property; and

22                     (c) How the municipality has used property tax relief funding, including but  
23                     not limited to funds received from state-municipal revenue sharing pursuant to  
24                     Title 30-A, section 5681;

25                 (2) For each county:

26                     (a) Changes in property values over the last 20 years; and

27                     (b) The average percentage of income spent on property taxes by residents;

28                 (3) Data regarding any disparities or challenges across different regions in the  
29                 State;

30                 (4) Recent statewide property tax relief efforts that have been implemented or  
31                 discussed in the Legislature or State Government;

32                 (5) Potential federal funding changes and how those could potentially impact  
33                 property taxes in the State;

34                 (6) Any challenges in obtaining the information specified in this paragraph for the  
35                 task force and recommendations for making the information available to the  
36                 Legislature on a regular basis; and

37                 (7) Any additional data or information the chairs consider relevant to a productive  
38                 discussion;

39           B. Perform a comparison of this State to the rest of the nation, including:

40                     (1) Determining how property tax assessment is instituted, the expenses associated  
41                     with assessment and how assessment in the State compares with other states;

42                     (2) Exploring property tax relief measures and programs used by other states,  
43                     particularly those states similar in geography, demographics, resident income or

1 state and local government structure, to determine whether those relief programs  
2 could be adapted to the State;

3 (3) Studying property tax burdens in other states, including as a percentage of  
4 resident income, and any trends over the last 20 years; and

5 (4) Gathering any additional data or information the chairs determine relevant to a  
6 productive discussion;

7 C. Explore the need for amendments to the Constitution of Maine or to the Maine  
8 Revised Statutes, including:

9 (1) Reviewing constitutional constraints on property tax assessments and exploring  
10 whether an amendment to the Constitution of Maine could create more equitable  
11 and stable property tax policies;

12 (2) Researching whether other states have constitutional provisions that allow for  
13 equitable property tax structures;

14 (3) Researching which states have successfully amended their constitutions to  
15 allow for more effective property tax relief and the advantages and disadvantages  
16 of those amendments; and

17 (4) Recommending whether constitutional changes should be pursued and, if so,  
18 what changes should be made and how and when those changes should be made;

19 D. Develop methods to ensure municipalities use property tax relief for its intended  
20 purpose while continuing to meet the needs of residents by:

21 (1) Identifying mechanisms used in other states to ensure that local property tax  
22 relief funds are allocated effectively to the taxpayers;

23 (2) Exploring mechanisms to support transparency and accountability in the use of  
24 property tax relief funds at the municipal level that exist in other states or that have  
25 been discussed in the State; and

26 (3) Recommending accountability measures, including but not limited to reporting  
27 requirements, financial incentives or disincentives;

28 E. Assess changes to the valuation process and support for municipalities by:

29 (1) Investigating how other states ensure equitable, updated and fair valuation  
30 practices;

31 (2) Analyzing whether certain geographic regions or types of communities, such  
32 as service centers, in the State have disproportionate property assessments that  
33 negatively affect specific populations;

34 (3) Identifying those resources municipalities need to conduct accurate property  
35 valuations, including funding, staffing and technology; and

36 (4) Recommending best practices and potential legislative changes to improve  
37 fairness and accuracy in property assessments;

38 F. Develop targeted support for long-term property owners who need support to age  
39 in place by:

40 (1) Studying states that have implemented property tax relief programs specifically  
41 for long-term homeowners; and

42 (2) Recommending which tax policies the State should adopt to prevent  
43 displacement and maintain affordability of elderly and low-income homeowners;

1 G. Explore the use of the State's cash pool for property tax relief by:

2 (1) Researching how other states use state investment funds to support property tax  
3 relief programs;

4 (2) Analyzing potential risks and benefits of using the State's cash reserves to  
5 provide long-term property tax relief; and

6 (3) Recommending whether a dedicated revenue stream should be created for this  
7 purpose and how it could be structured; and

8 H. Examine potential impacts of federal funding changes on property taxes in the State.

9 The task force shall engage in a data-driven analysis of the State's property tax system  
10 before making recommendations pursuant to this subsection.

11 **6. Assistance in collection of data.** The Department of Administrative and Financial  
12 Services, Bureau of Revenue Services and the Office of Tax Policy within the bureau shall  
13 provide assistance to the entity contracted with by the task force pursuant to subsection 5,  
14 paragraph A to ensure the entity obtains the required information.

15 **7. Public input.** The task force may, as determined necessary by the chairs, solicit  
16 and consider public comment on the current property tax structure, current property tax  
17 relief efforts and the valuation and assessment process.

18 **8. Staff assistance.** The Legislative Council shall provide necessary staffing services  
19 or may contract for necessary staffing services for the task force, except that Legislative  
20 Council staff support is not authorized when the Legislature is in regular or special session.  
21 Upon request of the task force, the Office of the Attorney General, the office of the  
22 Secretary of State, the Office of Policy Innovation and the Future, the Department of  
23 Administrative and Financial Services, Bureau of Revenue Services, the Department of  
24 Economic and Community Development and office of the Treasurer of State shall provide  
25 additional information to the task force.

26 **9. Report.** That, notwithstanding Joint Rule 353, no later than December 15, 2025,  
27 the task force shall submit a report that includes its findings and recommendations,  
28 including suggested legislation, to the Joint Standing Committee on Taxation. The joint  
29 standing committee may report out a bill to the Second Regular Session of the 132nd  
30 Legislature based on the report.

31 **10. Additional funding sources.** Notwithstanding Joint Rule 353, the task force may  
32 apply for and receive funds, grants or contributions from public and private sources to  
33 support its activities.

34 **Emergency clause.** In view of the emergency cited in the preamble, this legislation  
35 takes effect when approved.

## 36 SUMMARY

37 This bill:

38 1. Increases the maximum property tax fairness credit, beginning with tax years  
39 beginning on or after January 1, 2025, from \$1,500 to \$2,000 for taxpayers under 65 years  
40 of age and from \$2,000 to \$2,500 for taxpayers 65 years of age and older; and

41 2. Establishes the Real Estate Property Tax Relief Task Force. Using data collected at  
42 the municipal, county, state and national level, the task force is required to examine the

1 assessment of property taxes and property tax relief programs and make recommendations  
2 for improving the process involved in determining, levying and paying property taxes and  
3 reducing the tax burden, including possible changes to the Constitution of Maine and other  
4 laws. The membership of the task force includes Legislators, economists, tax experts, real  
5 estate professionals and representatives of low-income and older residents and is required  
6 to be geographically diverse.