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Date: (Filing No. S-)

TAXATION

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**STATE OF MAINE
SENATE
132ND LEGISLATURE
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT “ ” to S.P. 688, L.D. 1770, “An Act to Provide Immediate and Long-term Property Tax Relief to Maine Households”

Amend the bill by striking out the title and substituting the following:

'Resolve, to Establish the Real Estate Property Tax Relief Task Force'

Amend the bill by striking out everything after the title and inserting the following:

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

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

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

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

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

Whereas, municipalities across the State, ranging from small rural towns to larger cities, face varying budget pressures and responsibilities and often lack the resources,

COMMITTEE AMENDMENT

1 staffing or technology needed to ensure accurate, equitable and up-to-date property
2 assessments; and

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

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

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

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

14 **Whereas**, in the judgment of the Legislature, these facts create an emergency within
15 the meaning of the Constitution of Maine and require the following legislation as
16 immediately necessary for the preservation of the public peace, health and safety; now,
17 therefore, be it

18 **Sec. 1. Real Estate Property Tax Relief Task Force established. Resolved:**
19 That the Real Estate Property Tax Relief Task Force, referred to in this resolve as "the task
20 force," is established.

21 **Sec. 2. Membership. Resolved:** That, notwithstanding Joint Rule 353, the task
22 force consists of 13 voting members and at least 2 nonvoting members as follows.

23 1. The 13 voting members are appointed as follows:

24 A. Two members of the Senate, appointed by the President of the Senate, including at
25 least one member of the party holding the 2nd largest number of seats in the Legislature
26 and at least one of whom has expertise or background in the area of taxation;

27 B. Two members of the House of Representatives, appointed by the Speaker of the
28 House, including at least one member of the party holding the 2nd largest number of
29 seats in the Legislature and at least one of whom has expertise or background in the
30 area of taxation;

31 C. Three members of the public, appointed by the President of the Senate, as follows:

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

33 (2) One member with lived experience of poverty who is a representative of low-
34 income residents of the State; and

35 (3) One member who has legal experience with constitutional issues or property
36 tax issues;

37 D. Three members of the public, appointed by the Speaker of the House, as follows:

38 (1) One member who is involved in real estate, economic or housing development
39 with expertise in long-term homeownership trends in the State;

1 (2) One member who represents the business sector and who has paid property
2 taxes over the last 10 years; and

3 (3) One member who has expertise in assessing property taxes; and

4 E. Three members of the public, appointed by the Governor, as follows:

5 (1) Two members with expertise in municipal government, municipal taxation,
6 local government finance or property valuation, one of whom represents the
7 interests of municipalities with fewer than 10,000 residents and one of whom
8 represents the interests of municipalities with at least 10,000 residents. Both
9 members must have experience in contrasting forms of municipal governance; and

10 (2) One member with lived experience as a senior citizen who represents the
11 interests of residents of the State who are at least 65 years of age or older.

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

15 2. The nonvoting members are as follows:

16 A. The Commissioner of Administrative and Financial Services or the
17 commissioner's designee;

18 B. The Associate Commissioner for Tax Policy within the Department of
19 Administrative and Financial Services, Bureau of Revenue Services or the
20 associate commissioner's designee; and

21 C. Any additional members invited to participate by the chairs of the task force
22 pursuant to section 3.

23 **Sec. 3. Chairs; nonvoting members; selection of contracted entity.**

24 **Resolved:** That the first-named Senate member is the Senate chair and the first-named
25 House of Representatives member is the House chair of the task force. The chairs may
26 invite, as nonvoting members of the task force, individuals who have expertise in municipal
27 government, municipal finance, economic development, constitutional law, tax policy,
28 housing policy or tax assessing. The chairs may select the contracted entity described in
29 section 6, subsection 1, prior to all appointments being made. Prior to the first meeting of
30 the task force, the chairs may select the contracted entity of the task force.

31 **Sec. 4. Appointments; convening of task force. Resolved:** That all
32 appointments must be made no later than 30 days following the effective date of this
33 resolve. The appointing authorities shall notify the Executive Director of the Legislative
34 Council once all appointments have been completed. After appointment of all members,
35 the chairs shall call and convene the first meeting of the task force. If 30 days or more after
36 the effective date of this resolve a majority of but not all appointments have been made, the
37 chairs may request authority and the Legislative Council may grant authority for the task
38 force to meet and conduct its business.

39 **Sec. 5. Meetings; subcommittees. Resolved:** That the task force shall meet at
40 least 4 times but no more than 8 times, not including any subcommittee meetings.

41 1. The task force shall meet at least once jointly with the Joint Standing Committee on
42 Taxation at a time to be determined by the chairs of the task force and the committee.

1 2. The chairs of the task force may appoint subcommittees as necessary for the efficient
2 operation of the task force.

3 **Sec. 6. Duties. Resolved:** That the task force shall:

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

10 A. For each municipality or each municipality within a representative sample of
11 municipalities by county:

12 (1) The average property value, property tax bill and length of homeownership,
13 differentiated by waterfront and nonwaterfront properties;

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

24 (3) How the municipality has used property tax relief funding, including but not
25 limited to funds received from state-municipal revenue sharing pursuant to Title
26 30-A, section 5681;

27 B. For each county:

28 (1) Changes in property values over the last 20 years; and

29 (2) The average percentage of income spent on property taxes by residents;

30 C. Data regarding any disparities or challenges across different regions in the State;

31 D. Recent statewide property tax relief efforts that have been implemented or discussed
32 in the Legislature or State Government;

33 E. The impact of unfunded mandates on local budgets;

34 F. The effect of nontaxable property within a municipality;

35 G. Potential federal funding changes and how those could potentially impact property
36 taxes in the State;

37 H. Any challenges in obtaining the information specified in this subsection for the task
38 force and recommendations for making the information available to the Legislature on
39 a regular basis; and

40 I. Any additional data or information the chairs consider relevant to a productive
41 discussion;

- 1 2. Perform a comparison of this State to the rest of the nation, including:
 - 2 A. Determining how property tax assessment is instituted, the expenses associated with
 - 3 assessment and how assessment in the State compares with other states;
 - 4 B. Exploring property tax relief measures and programs used by other states,
 - 5 particularly those states similar in geography, demographics, resident income or state
 - 6 and local government structure, to determine whether those relief programs could be
 - 7 adapted to the State;
 - 8 C. Studying property tax burdens in other states, including as a percentage of resident
 - 9 income, and any trends over the last 20 years; and
 - 10 D. Gathering any additional data or information the chairs determine relevant to a
 - 11 productive discussion;
- 12 3. Explore the need for amendments to the Constitution of Maine or to the Maine
- 13 Revised Statutes, including:
 - 14 A. Reviewing constitutional constraints on property tax assessments and exploring
 - 15 whether an amendment to the Constitution of Maine could create more equitable and
 - 16 stable property tax policies;
 - 17 B. Researching whether other states have constitutional provisions that allow for
 - 18 equitable property tax structures;
 - 19 C. Researching which states have successfully amended their constitutions to allow for
 - 20 more effective property tax relief and the advantages and disadvantages of those
 - 21 amendments; and
 - 22 D. Recommending whether constitutional changes should be pursued and, if so, what
 - 23 changes should be made and how and when those changes should be made;
- 24 4. Develop methods to ensure municipalities use property tax relief for its intended
- 25 purpose while continuing to meet the needs of residents by:
 - 26 A. Identifying mechanisms used in other states to ensure that local property tax relief
 - 27 funds are allocated effectively to the taxpayers;
 - 28 B. Exploring mechanisms to support transparency and accountability in the use of
 - 29 property tax relief funds at the municipal level that exist in other states or that have
 - 30 been discussed in the State; and
 - 31 C. Recommending accountability measures, including but not limited to reporting
 - 32 requirements, financial incentives or disincentives;
- 33 5. Assess changes to the valuation process and support for municipalities by:
 - 34 A. Investigating how other states ensure equitable, updated and fair valuation practices;
 - 35 B. Analyzing whether certain geographic regions or types of communities, such as
 - 36 service centers, in the State have disproportionate property assessments that negatively
 - 37 affect specific populations;
 - 38 C. Identifying those resources municipalities need to conduct accurate property
 - 39 valuations, including funding, staffing and technology; and

1 D. Recommending best practices and potential legislative changes to improve fairness
2 and accuracy in property assessments;

3 6. Develop targeted support for long-term property owners who need support to age
4 in place by:

5 A. Studying states that have implemented property tax relief programs specifically for
6 long-term homeowners; and

7 B. Recommending which tax policies the State should adopt to prevent displacement
8 and maintain affordability of elderly and low-income homeowners;

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

10 A. Researching how other states use state investment funds to support property tax
11 relief programs;

12 B. Analyzing potential risks and benefits of using the State's cash reserves to provide
13 long-term property tax relief; and

14 C. Recommending whether a dedicated revenue stream should be created for this
15 purpose and how it could be structured; and

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

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

19 **Sec. 7. Assistance in collection of data. Resolved:** That the Department of
20 Administrative and Financial Services, Bureau of Revenue Services and the Office of Tax
21 Policy within the bureau shall provide assistance to the entity contracted with by the task
22 force pursuant to section 6, subsection 1 to ensure the entity obtains the required
23 information.

24 **Sec. 8. Public input. Resolved:** That the task force may, as determined necessary
25 by the chairs, solicit and consider public comment on the current property tax structure,
26 current property tax relief efforts and the valuation and assessment process.

27 **Sec. 9. Staff assistance. Resolved:** That the Legislative Council shall provide
28 necessary staffing services or may contract for necessary staffing services for the task force,
29 except that Legislative Council staff support is not authorized when the Legislature is in
30 regular or special session. Upon request of the task force, the Office of the Attorney
31 General, the office of the Secretary of State, the Office of Policy Innovation and the Future,
32 the Department of Administrative and Financial Services, Bureau of Revenue Services, the
33 Department of Economic and Community Development and the office of the Treasurer of
34 State shall provide additional information to the task force.

35 **Sec. 10. Interim report; final report. Resolved:** That, notwithstanding Joint
36 Rule 353, no later than January 15, 2026, the task force shall submit an interim report to
37 the Joint Standing Committee on Taxation that includes the task force's preliminary
38 findings and recommendations. The task force may include proposed legislation in the
39 interim report.

40 Notwithstanding Joint Rule 353, no later than December 15, 2026, the task force shall
41 submit a final report that includes its findings and recommendations, including suggested
42 legislation, to the joint standing committee of the Legislature having jurisdiction over

1 taxation matters. The joint standing committee may report out legislation to the 133rd
2 Legislature in 2027 based on the report.

3 **Sec. 11. Additional funding sources. Resolved:** That, notwithstanding Joint
4 Rule 353, the task force may apply for and receive funds, grants or contributions from
5 public and private sources to support its activities.

6 **Sec. 12. Appropriations and allocations. Resolved:** That the following
7 appropriations and allocations are made.

8 **LEGISLATURE**

9 **Legislature 0081**

10 Initiative: Appropriates one-time funds for the costs of a contract with an entity to provide
11 research and analytical support for the Real Estate Property Tax Relief Task Force.

12 GENERAL FUND	2025-26	2026-27
13 All Other	\$125,000	\$25,000
14		
15 GENERAL FUND TOTAL	<u>\$125,000</u>	<u>\$25,000</u>

16 **Emergency clause.** In view of the emergency cited in the preamble, this legislation
17 takes effect when approved.'

18 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
19 number to read consecutively.

20 **SUMMARY**

21 This amendment replaces the bill with a resolve and removes the increase in the
22 property tax fairness credit proposed in the bill. The amendment retains the creation of the
23 Real Estate Property Tax Relief Task Force as proposed in the bill with the following
24 changes.

25 1. It adds to the duties of the task force the requirement to examine the effects of
26 state-level property tax policy on municipalities.

27 2. It alters the membership of the task force.

28 3. It requires the task force to meet jointly with the Joint Standing Committee on
29 Taxation at least once.

30 4. It allows for the creation of subcommittees of the task force.

31 5. It changes the due date for the report of the task force to December 15, 2026 and
32 requires an interim report with a due date of January 15, 2026. Each report may include
33 proposed legislation.

34 **FISCAL NOTE REQUIRED**

35 (See attached)