

Real Estate Property Tax Relief Task Force

Resolve 2025, chapter 108
Tuesday, December 16, 2025 at 10 a.m.
Room 127 (TAX Committee Room)
State House, Augusta, ME

Agenda: Meeting #6

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| 10:00 a.m. | Welcome
<i>Chairs, Senator Nicole Grohoski & Representative Ann Matlack</i> |
| 10:05 a.m. | Review and discussion of preliminarily voted findings and recommendations;
final voting
Member discussion of any available portions of draft report
<i>Task Force Members</i> |
| 12:30 p.m. | <i>Lunch</i> |
| 1:30 p.m. | Continued review and discussion as necessary
<i>Task Force Members</i> |

Real Estate Property Tax Relief Task Force
DRAFT Preliminary Findings and Recommendations

REVISED PRELIMINARILY VOTED FINDINGS

1. Property taxes are the primary means municipalities use to generate revenue to pay for services mandated by Federal and State government with additional services towns are responsible for or elect to provide. It is a budget that is calculated based on the cost of delivering these services. Property tax calculation of valuations creates the mil rate applied to all properties. Various programs exist to provide “fairness” or encourage desired uses of land.
2. The State limits the ways in which municipalities may collect money to pay for municipal services. While property taxes are the primary means municipalities use; they are just one avenue used to raise money to pay for services. The State also uses sales taxes and income taxes to partially fund municipal services.
3. Property taxes are an effective way to raise taxes for locally provided services since the properties impacted directly pay for those services and those services are approved locally (via budget votes), though they are affected by state policy.
4. The state is providing a significant amount of property tax relief, both direct and indirect, which has been increasing over the last five years and has many programs designed to help different property taxpayer types. Municipalities may also elect to provide real estate property tax relief programs as authorized by the Legislature. The Lincoln Institute of Land Policy noted that Maine already employs measures to provide residential property tax relief that are considered best practices, specifically: a circuit breaker program, a homestead exemption, and a property tax deferral program.¹
5. There are several types of either full or partial property tax exemptions in the state that promote certain policy goals that the state has deemed important **listed in section X of the report**. The lost property tax revenue from these programs is sometimes partially reimbursed by the state and sometimes not reimbursed. Certain municipalities shoulder a disproportionate impact from these property tax exemption programs and in those municipalities that burden is borne by the municipality’s other property taxpayers.
6. The Progress and Poverty Institute identified several studies that found that property taxes are the “least bad” tax when compared to corporate income tax, personal income tax, and consumption taxes, as they are good for growth, the burdens match the benefits, they are progressive in nature, and simple to administer.² According to the Lincoln Institute of Land Policy, “Maine relies heavily on the property tax to fund locally provided services. Local property taxes account for the majority

¹ See Lincoln Institute of Land Policy presentation dated October 24, 2025, available here: <https://legislature.maine.gov/doc/12063>.

² See Progress and Poverty Institute presentation dated December 5, 2025, available here: <https://legislature.maine.gov/doc/12130>.

of operating revenue for Maine's municipalities and K-12 schools."³ Maine also pays for costs associated with services provided at the county level through real estate property taxes.

Preliminary Findings – Data

1. In 2023, Maine had the fifth highest property tax burden in the nation as measured by percentage of state personal income. Property taxes accounted for more than 50 percent of general revenue, which ranked fourth highest in the nation.⁴
2. In 2023, Maine ranked 20th in property taxes paid as a percentage of owner-occupied housing value (total real taxes paid/total home value).⁵
3. Maine has the highest percentage of total housing units that are vacant for seasonal, recreational, or occasional use of any state (14.4%).⁶ [request applicable date and/or data source from MRS]

³ See Lincoln Institute of Land Policy, Significant Features Database, Maine 2024 Current State Narrative, page 1.

⁴ See Lincon Institute of Land Policy presentation dated October 24, 2025, available here:

<https://legislature.maine.gov/doc/12063>

⁵ See National Conference of State Legislatures presentation dated October 24, 2025, available here:

<https://legislature.maine.gov/doc/12063>

⁶ See Maine Revenue Services presentation dated September 12, 2025, available here:

<https://legislature.maine.gov/doc/12044>

4. Between January 2019 and June 2024, the State has increased the amount of both direct and indirect property tax relief as shown in the table below.⁷

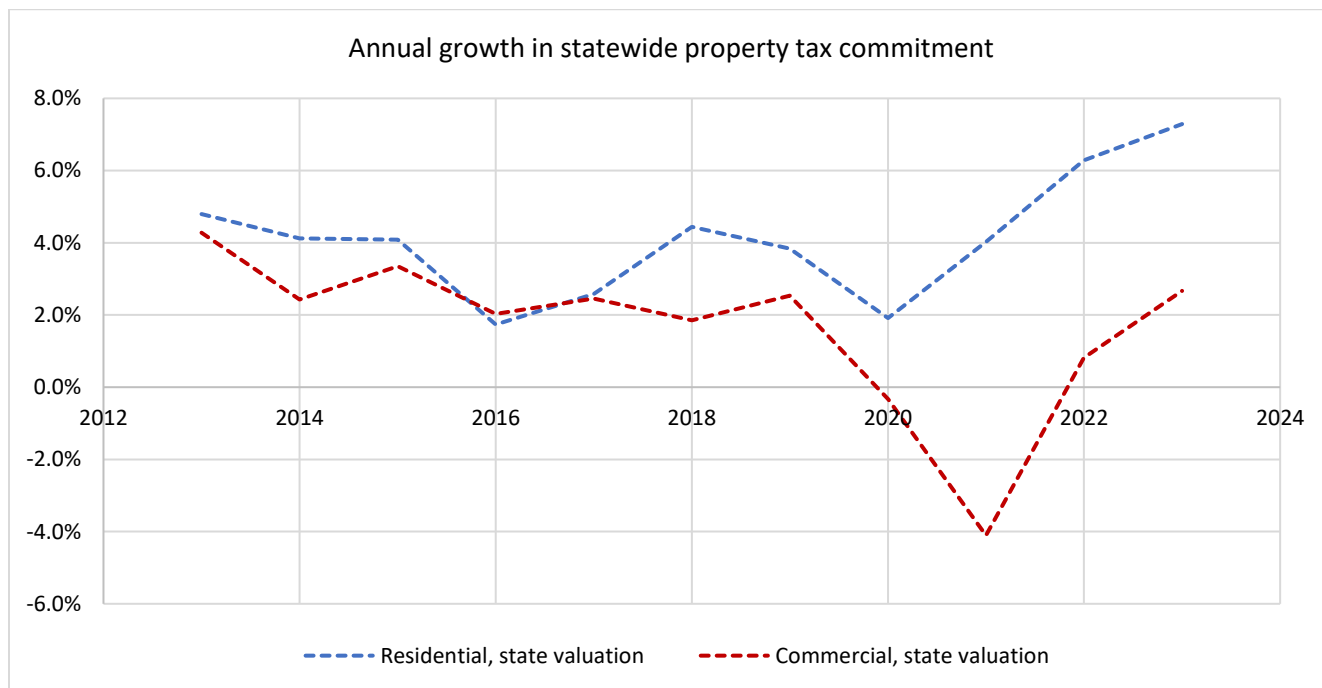
ESTIMATED GENERAL FUND IMPACT FROM TAX RELIEF PROGRAMS ENACTED JAN2019-JUN2024

Direct Property Tax Relief	FY19	FY25	Increase from 2019 vs 2025	FY26/FY27
Property Tax Fairness Credit	\$27.5 million	\$110.0 million	\$82.5 million	\$240.3 million
Benefit for Disabled Veterans				
Homestead Exemption	\$64.5 million	\$85.1 million	\$20.6 million	\$187.0 million
State Property Tax Deferral Program		\$0.8 million	\$0.8 million	\$3.0 million
Total Direct Property Tax Relief	\$92.0 million	\$195.9 million	\$103.9 million	\$430.3 million
Additional Tax Relief for Low and Middle Income				
Earned Income Tax Credit	\$10 million	\$40.4 million	\$30.4 million	\$82.2 million
Pension Deduction	\$32 million	\$121.3 million	\$89.3 million	\$274.9*million
Student Loan Repayment Tax Credit			TBD	\$153.0 million
Maine Dependent Exemption Tax Credit	\$60 million	\$79 million	\$19.0 million	\$173.7 million
Additional Tax Relief for Low and Middle Income	\$102 million	\$240.7 million	\$138.7 million	\$683.8 million
Total Direct Tax Relief	\$194 million	\$436.6 million	\$242.6 million	\$1.114 billion
Maintain State Standard Deduction (PL23, C412, Part ZZZ)				\$350.0 million
Indirect Property Tax Relief				
Municipal Revenue Sharing	\$74.1 million	\$278.7 million	\$204.6 million	\$561.2 million
Education Funding (55% of K-12)	\$1.098 billion	\$1.417 billion	\$319.0 million	\$2.992 billion
Total Indirect Property Tax Relief	\$1.172 billion	\$1.696 billion	\$523.6 million	\$3.553 billion
Business Tax Credits				
Low Income Housing Tax Credits				\$20.0 million
Dirigo Business Tax Credit				\$90.0 million
Service Provider Tax on Healthcare				\$73.6 million
Total Business Tax Credits				\$183.6million

* This estimate is current program, not the FY2627 budget proposal (see page 4)

⁷ See Maine Revenue Services presentation dated September 12, 2025, available here: <https://legislature.maine.gov/doc/12044>

5. During the pandemic, residential property values rose, and commercial property values decreased.⁸
[request sources for chart data from MRS]



6. The fair market value of Maine homes, which is the base on which property taxes are assessed, has risen dramatically over the last five years, post-COVID – two to three times faster than the incomes of most Maine households. The median home sale price in Maine, according to data from the Maine Association of Realtors, rose from \$225,000 in 2019⁹ to \$390,200 in 2024¹⁰ – an increase of 73% in just 5 years. The MRS reported state property valuation, equalized to 100% values, rose from \$186 billion to \$311 billion, or by 67% over this period. By contrast, U.S. Census Bureau data indicate a 5-year increase in median household income in Maine from \$66,550 to \$90,730¹¹, or 36%. For those on Social Security, cost-of-living increase amounted to 25% over the last 5 years. [need source] The result of these misaligned growth trends is that many more, especially long-term homeowners, are living in homes with a fair market (taxable) value that is far higher than they could afford today, based on their incomes. While rising property values need not translate to higher property tax bills (if rates are reduced proportionately), the burden can become unreasonably high for those with a very high value to income ratios.

⁸ See Maine Revenue Services presentation dated September 12, 2025, available here: <https://legislature.maine.gov/doc/12044>

⁹ See Maine Association of Realtors January 2020 press release available here: <https://www.mainerealtors.com/wp-content/uploads/2020/01/MaineHousingReport-December-2019.pdf>.

¹⁰ See Maine Association of Realtors January 2025 press release available here: <https://www.mainerealtors.com/wp-content/uploads/2025/01/MaineHousingReport-CalendarYear2024.pdf>

¹¹ See Federal Reserve Bank of St. Louis data graph available at: <https://fred.stlouisfed.org/series/MEHOINUSMEA646N>.

PRELIMINARILY VOTED RECOMMENDATIONS FOR DISCUSSION

Recommendation related to Task Force process

1. The Task Force recommends that the Tax Committee submit legislation to amend Resolve 2025, chapter 108, to explicitly authorize the Real Estate Property Tax Relief Task Force to hold up to six additional meetings in 2026. [straw vote: unanimous of those present and voting]

Resolve 2025, chapter 108 which established the Task Force authorizes the Task Force to meet no more than 8 times. The Task Force held six meetings during 2025 and, while the members received a significant amount of information related to real estate property taxes and used their time for productive discussions, the members believe that the Task Force will need more than two additional meetings in 2026 to complete their duties. Additionally, the Task Force will receive a final report focused on the required data and analysis outlined in Resolve 2025, chapter 108 from Progress and Poverty Institute in the Spring of 2026. The members anticipate that the meetings in 2026 will be a valuable opportunity to focus on specific recommendations, informed by the data and analysis provided by Progress and Poverty Institute, as well as to solicit public comment regarding specific issues the Task Force is charged with considering.

Recommendations related to municipal administration and taxpayer education

2. The Task Force recommends that the Taxation Committee, in consultation with Maine Municipal Association and other municipal representatives, identify burdens associated with and streamline the process for municipalities to allow taxpayers to make monthly real estate property tax payments directly to the municipality. [straw vote: unanimous of those present and voting]

At each of their meetings, Task Force members considered the challenges that real estate property tax bills place on Maine taxpayers. While the Task Force's work involves discussion of ways to provide relief to reduce the amount for which a taxpayer is responsible as well as the factors that contribute to increases in real estate property tax bills generally, the Task Force members felt that allowing taxpayers the option to make more frequent payments of real estate property taxes could make these payments more manageable. Large bills due in a lump sum can make budgeting more challenging and allowing for payments to be spread out, without interest or penalties, could be a useful option for some taxpayers. In its presentation to the Task Force, the Lincoln Institute of Land Policy supported this reasoning and noted that the budgetary challenge created by annual or twice-a-year payments can increase the risk of tax delinquency and erode municipal fiscal health. Currently, at least 16 states allow for the prepayment of real estate property taxes.¹² The Task Force learned that existing Maine law¹³ allows municipalities to establish "tax clubs" which can allow for the payment of property taxes on a monthly basis. The members noted that there may be challenges in implementing and administering these programs and more information, including receiving feedback from municipal representatives, would be necessary to identify burdens in the process. The Task Force recommends that the Taxation Committee solicit municipal feedback regarding burdens that may exist with

¹² See Lincoln Institute of Land Policy presentation dated October 24, 2025, available here: <https://legislature.maine.gov/doc/12063>

¹³ See 36 MRSA §505(2).

establishing and administering “tax clubs” and determine if legislative changes could make tax clubs more accessible to interested municipalities.

3. The Task Force recommends that the Taxation Committee, in consultation with Maine Municipal Association and other municipal representatives, consider methods to increase the communication of information to taxpayers about property tax relief programs including, but not limited to, through the provision of informational inserts in real estate property tax bills. The Task Force recommends that the Committee ensure that it considers methods that provide property tax relief information to renters and other eligible individuals who may not receive a real estate property tax bill. [straw vote: unanimous of those present and voting]

There are a variety of real estate property tax relief programs offered by the State as well as by municipalities – some of these programs are targeted to help specific types of taxpayers and some programs are available more broadly (see section X of the report for a discussion of the property tax relief programs available to taxpayers). Relief programs, however, are only effective if taxpayers use them, and the Task Force members shared concerns that there may be a lack of education regarding these relief programs. This concern was reinforced by a member of the public who submitted written comment regarding the State Property Tax Deferral Program and noted that in speaking to many members of their community, none were aware of the existence of the Program. The Task Force members believe that providing more communication to taxpayers, including those who may not directly receive a real estate property tax bill, such as renters who may be eligible for the Property Tax Fairness Credit, is an important step to increase usage of existing relief programs.

<i>Recommendations related to possible legislative changes to existing relief programs</i>

4. The Task Force recommends that, if the Taxation Committee considers immediate changes to existing real estate property tax relief programs in the Second Regular Session of the 132nd Legislature, the Committee focus on the Property Tax Fairness Credit as the most targeted tool to provide such relief. The Committee should consider allowing the taxpayer’s income tax credit to offset their next property tax bill **and ways to better tailor the credit to provide relief to those who need it such as through establishing a cap on a taxpayer’s property tax bill expressed as a percentage of a taxpayer’s income.** [straw vote: unanimous of those present]
5. If the Taxation Committee considers changes to the homestead exemption in the Second Regular Session of the 132nd Legislature, the Task Force supports increasing the current homestead exemption to account for inflation as the homestead exemption is a good policy tool for providing broad relief. [straw vote: 5 in favor, 3 opposed]

The Task Force spent a significant amount of time discussing current real estate property tax relief programs that are available in the State and ways that the programs could be altered to provide greater relief for taxpayers; however, members were cognizant of the need to engage in a data-driven analysis before making legislative recommendations. Progress and Poverty Institute, the contractor selected to assist the Task Force in its work, provided preliminary data findings and the members anticipate that the additional data and analysis that will be provided in May 2026 will be invaluable to their deliberations next interim. In the meantime, however, if the Taxation Committee were to seek to amend an existing relief program in the Second Regular

Session of the 132nd Legislature to provide greater taxpayer relief, the Task Force believes that two programs should be considered before others and has the following recommendations regarding potential changes.

First, the Task Force recommends that the Committee focus its efforts on the Property Tax Fairness Credit (also known as a “circuit breaker” program). Because the Property Tax Fairness Credit provides a refundable credit to taxpayers, including renters, subject to income and other limitations, the members believe that it is the most targeted tool to provide relief to taxpayers who are struggling. Circuit breaker programs such as the Property Tax Fairness Credit were identified by the Lincoln Institute of Land Policy as a national best practice for providing real estate property tax relief and the members believe that there are ways that Maine’s program could be improved upon. Specifically, the Task Force believes the Committee should consider ways to apply the tax credits provided by the program to directly offset a recipient’s real estate property tax bill instead of having a delay between the payment of property taxes and the receipt of the tax credit.

[If supported by majority, add description of Dick Woodbury’s suggestion and outline of TF discussion]

Second, the Task Force recommends that if the Taxation Committee considers changes to the homestead exemption, the Task Force supports increasing the exemption amount. Currently the homestead exemption permits the exclusion of up to \$25,000 of a home’s assessed value for owner-occupied properties; individual taxpayers may not receive the full \$25,000 exemption, however, depending upon the local certified ratio applicable to the municipality in which they live. The homestead exemption was last increased by the Legislature in 2019.¹⁴ Unlike the Property Tax Fairness Credit, the homestead exemption is only available to permanent resident homeowners, not renters, and it does not have income restrictions. Despite not providing the same targeted relief of the Property Tax Fairness Credit, the Task Force believes that if the Tax Committee considers changes to improve the homestead exemption, it should index the exemption amount for inflation. This would be an immediate step that would improve the efficacy of the program on an ongoing basis.

6. The Task Force recommends that the Taxation Committee enact legislation to create one or more working groups to review property tax exemptions and current use programs to evaluate whether the exemptions and programs continue to meet the purposes for which they were established and are efficient to administer at the local level. [straw vote: unanimous of those present and voting]

The Task Force received feedback at several meetings that property tax exemptions and current use programs may warrant a focused review to ensure that they are working in an efficient way, consistent with the policy goals that drove their creation. The Task Force learned that the intent of these programs was to encourage certain behaviors with respect to real property in exchange for a reduction in the tax base for municipalities. While some programs are subject to state reimbursement, others are not. Municipal representatives shared with the Task Force concerns about the costs and administrative challenges of these programs and provided suggestions for refining certain programs. Due to the limited time available to Task Force members to complete their work and the various interested parties that they believe should be involved, the Task Force recommends that the Taxation Committee enact legislation to create one or more working

¹⁴ See Public Law 2019, chapter 343.

groups to conduct a detailed review of property tax exemptions and current use programs.

<i>Recommendations related to property tax cost drivers</i>
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7. The Task Force recommends that the Legislature adopt policies to encourage continued inter-local, regional and state-wide partnerships to increase efficiency in administering municipal-level services and reduce municipal costs. [straw vote: unanimous of those present and voting]

The Task Force believes that inter-local, regional and state-wide partnerships have the potential to reduce municipal costs, increase efficiency and address other challenges in the current real estate property tax system. For example, shared equipment among several municipalities could reduce an individual municipality's acquisition and maintenance expenses and shared personnel, such as assessors or code enforcement officers, could address challenges some municipalities face in hiring and retaining qualified professionals or conducting revaluations with greater frequency. The Lincoln Institute of Land Policy noted for the Task Force that in most other states property tax assessments are conducted at the county level – municipal assessments are primarily a New England phenomenon and cooperative arrangements between communities can be helpful in smaller jurisdictions.¹⁵ Examples of regional partnerships already exist in Maine: Cumberland County operates a regional assessing program and Two Bridges Regional Jail serves both Lincoln and Sagadahoc County. The Task Force believes that there are additional opportunities to regionalize services and believes the Legislature should take an active role in encouraging these partnerships.

8. The Task Force recommends that the Taxation Committee review the reports required from the Maine Education Policy Research Institute pursuant to Resolve 2023, chapter 164 and Resolve 2025, chapter 84 and from the County Corrections Professional Standards Council pursuant to Resolve 2025, chapter 73. The Task Force recommends that the Committee consider the findings and recommendations in these reports when making policy decisions in the Second Regular Session of the 132nd Legislature as the issues considered in these reports influence real estate property taxes. [straw vote: unanimous of those present and voting]

Task Force members frequently discussed the challenge posed by their charge: providing recommendations for real estate property tax relief necessitates discussion of and recommendations related to factors that increase municipal budgetary needs in addition to how to reallocate municipal budget costs among taxpayers. Due to the limited time available to the Task Force, however, the members wanted to ensure that their work this interim would not duplicate what is already being done in other policy areas. During its meetings, the Task Force learned that work is already underway to review elements of two significant municipal cost drivers, municipal educational costs and county jail expenses, directed by the joint standing committees of the Legislature with jurisdiction over educational matters and public safety matters, respectively. Having laid the informational groundwork in 2025, the Task Force intends, in 2026, to discuss these issues in more depth and with the benefit of data and analysis from the Progress and Poverty Institute. The members felt, however, that the Taxation Committee should consider the results of these reviews when making policy decisions in the Second Regular Session of the 132nd Legislature.

¹⁵ See Lincoln Institute of Land Policy presentation dated October 24, 2025, available here: <https://legislature.maine.gov/doc/12063>.

Specifically, Resolve 2023, chapter 164, heard by the Joint Standing Committee on Education and Cultural Affairs, directed the Maine Education Policy Research Institute (MEPRI), in conjunction with the Department of Education, to among other things, conduct a targeted review of general purpose aid for local schools, which was to include, in part, property valuation and its efficacy in determining municipal contribution levels to public education. In June 2025, MEPRI published its report¹⁶ which included findings and policy questions which could be useful for the Taxation Committee in conducting its work in the Second Regular Session. The Legislature subsequently enacted Resolve 2025, chapter 84, which is a continuation of the work started with MEPRI's report regarding essential programs and services funding and requires MEPRI to submit a report to the Joint Standing Committee on Education and Cultural Affairs no later than January 15, 2026.

In addition, Resolve 2025, chapter 73, heard by the Joint Standing Committee on Criminal Justice and Public Safety, directs the County Corrections Professional Standards Council to review information regarding the share of state funding for the County Jail Operations Fund and county and regional jail compliance with certain statutory requirements or rules. In conducting this review, the Council must, among other things, review any unfunded mandates related to county and regional jails and examine future needs for state support for county and regional jail operations. The Council must submit a report by January 15, 2026, to the Criminal Justice and Public Safety Committee.

<i>Recommendations related to providing funding to reduce municipal budget needs</i>

9. If the Taxation Committee considers changes to the homestead exemption in the Second Regular Session of the 132nd Legislature, the Task Force recommends that the Committee increase the municipal reimbursement rate for the homestead exemption to 100%. [straw vote: 5 in favor, 3 opposed]
10. The Task Force recommends that the Taxation Committee and the Legislature enact legislation to increase municipal revenue sharing. [straw vote: 2 in favor, 6 opposed]
11. The Task Force recommends that the Legislature enact legislation to increase funding for counties. [straw vote: 5 in favor, 3 opposed]

As explained in section X of the report, the mil rate in a municipality is calculated by dividing the amount of funding necessary for the municipality's coming year (comprised of municipal, county, and education costs) divided by the total taxable valuation in the municipality. State funding to municipalities in the form of property tax exemption reimbursements and municipal revenue sharing reduce the numerator in the mil rate calculation and, therefore, the need for municipalities to collect these funds from their property taxpayers. State funding to reduce county government expenses, such as through appropriations to the County Jail Operations Fund for funding county and regional jails, similarly reduce the county expenses that are paid for through municipal real estate property taxes. Although increased funding from the State does

¹⁶ Available here: https://bpb-us-w2.wpmucdn.com/wpsites.maine.edu/dist/e/97/files/2025/10/LD2286_FinalReport.pdf.

not address cost drivers directly, the Task Force has three recommendations related to providing funding to reduce municipal budget needs.

First, the Task Force believes that if the Taxation Committee considers changes to the homestead exemption in the Second Regular Session of the 132nd Legislature, the State should increase the municipal reimbursement for the homestead exemption. Current law requires the State to provide a reimbursement to a municipality of 76% of the taxes lost by reason of the homestead exemption. The remaining loss must be accounted for in that municipality's budget and those costs are borne by property taxpayers.

Second, the Task Force supports efforts to increase municipal revenue sharing which is intended to help stabilize the municipal property tax burden and to aid in financing municipal services.¹⁷

Third, the Task Force supports efforts to increase county funding. [need more specific information regarding increasing county funding and the reason(s) for those specific increases.]

12. The Task Force recommends that the Taxation Committee require the State to make payments in lieu of taxes to municipalities for State-owned tax-exempt properties. [straw vote: 5 in favor, 3 opposed]

Property tax exemptions are provided to many different types of property owners and in some municipalities, such as service centers, these exemptions have a more significant impact on the municipal budgets. Although a municipality is responsible for providing services in connection with these properties, such as public safety and road maintenance, it must recover those costs from other taxpayers. Property tax exemptions established in state law, such as exemptions for incorporated benevolent and charitable institutions, provide a benefit to these entities for various policy reasons. Property of the State of Maine is also tax exempt pursuant to law. The Task Force believes that requiring the State to make payments in lieu of taxes on its public property would be an appropriate first step to ensuring that municipalities are able to recover costs from State entities receiving the benefit of municipal services.

13. The Task Force recommends that the Taxation Committee consider ways to require entities that own property exempt from real estate property taxes to pay service charges to municipalities in connection with those properties. [straw vote: 2 in favor, 6 opposed]

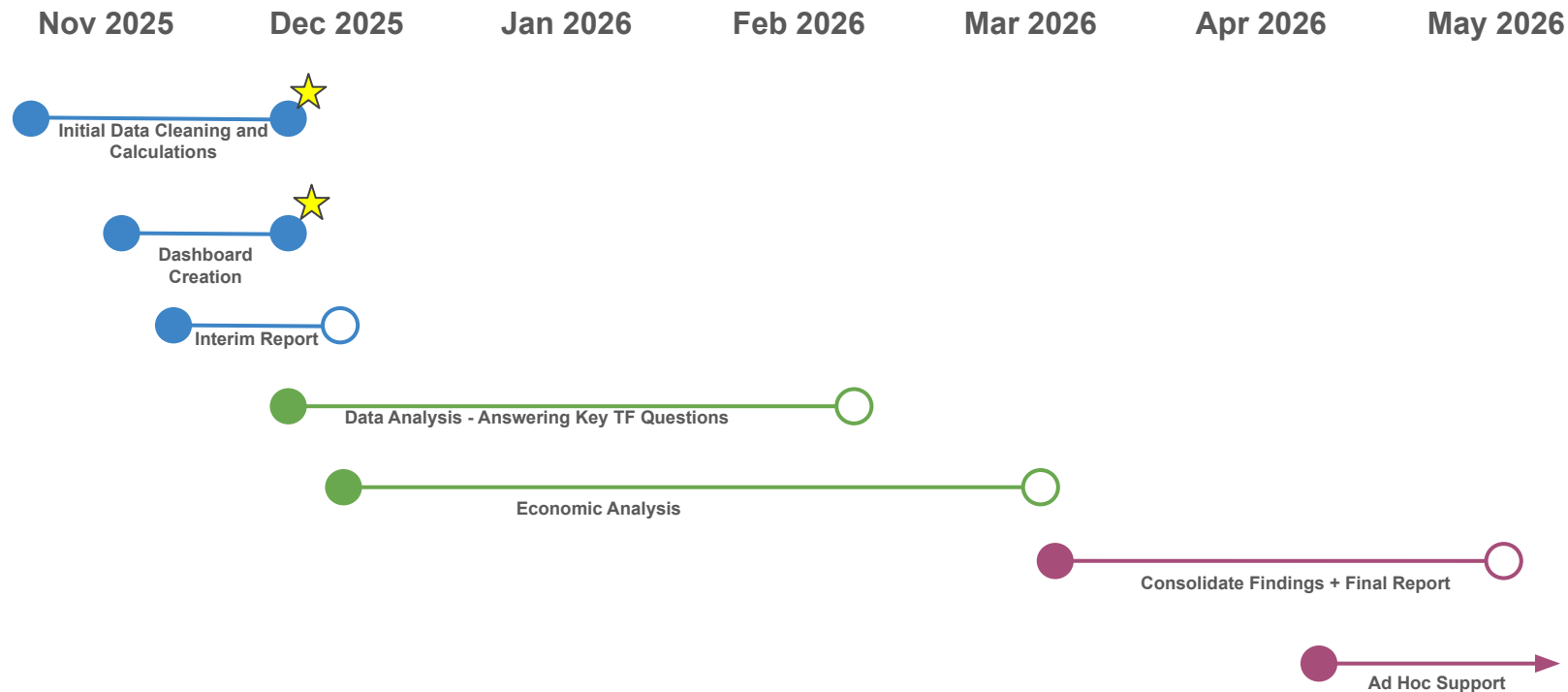
¹⁷ See Legislative Findings in 30-A MRSA §5681(1).

Maine Real Estate Property Tax Task Force

*Extended Interim Findings
Update to Task Force, 12/15/2025
Augusta, Maine*



How did we get here?



Today's Presentation

1. Data Hat

- Dashboard Demo
- Data Coverage / Limitations
- Data Policy Recommendations
- Summary Stats

2. Analyst Hat

- Preliminary Analysis (of Task Force interest areas)

3. Economist Hat

- Property Tax Policy Commentary

We want feedback and guidance.

1. Data Hat

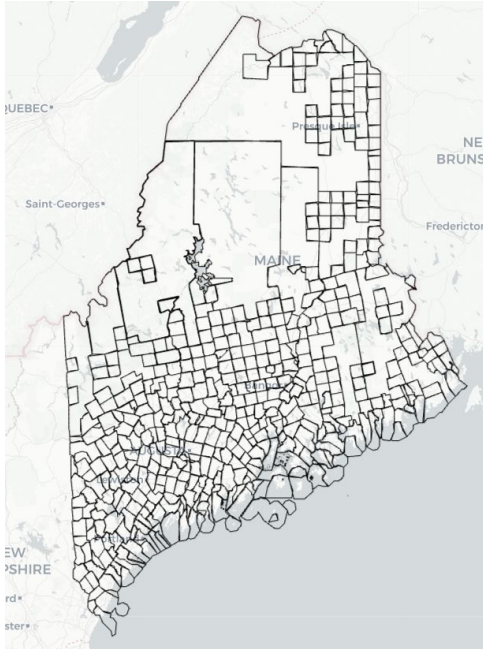
This section provides information about the property tax data that PPI & CLE have gathered for the Task Force and published as the Data Dashboard & Data Dictionary.

This section does not contain any kind of empirical analysis or professional opinions of Maine's property tax system.

Data Dashboard Demo

Data Coverage and Limitations

We report information at the State, County, and Municipality level.



- 484 municipalities
- Unincorporated territories grouped by County
- Muni classification scheme
 - City
 - Service Centers
 - Small Towns
 - Plantation
 - Unincorporated Territory

We have good data coverage, though limited on parcel-level variables.

MVR Variables

100% Coverage

- Millage Rates
- Nontaxable Property
- Homestead Exemptions
- Valuation Practices
- Average Tax Bill
- Tax Relief Programs

Census Variables

100% Coverage

- Population
- Median Household Income
- Median House Price

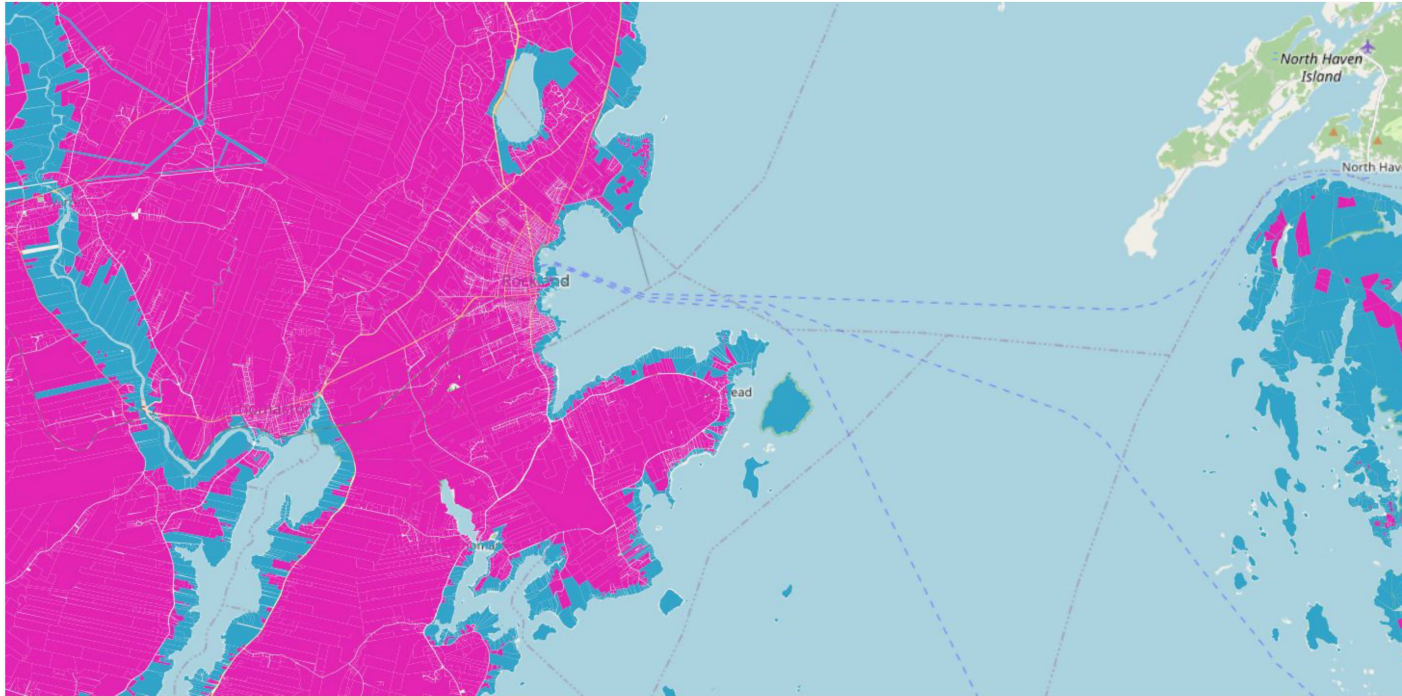
Parcel-Level Variables

Varying Coverage

- **Parcel shapes:**
~80% muni, ~90% pop coverage
 - Waterfront Enrichment
- **Parcel category and value:**
~5% muni, ~25% pop coverage
 - Property category percentages and median values
 - Waterfront value differences
 - Property tax per square foot
 - USPS Vacancy

Tax Bill Per Capita
% of Income Spent on Property Taxes

Waterfront Properties



Coverage - Next Steps

- Enrichment of parcel level data for missing municipalities
 - Tax commitment books as spreadsheets
 - GIS parcel features
- Strategy
 - Outreach to municipalities
 - Facilitated by MMA

Recommendations for Sustained Data Coverage

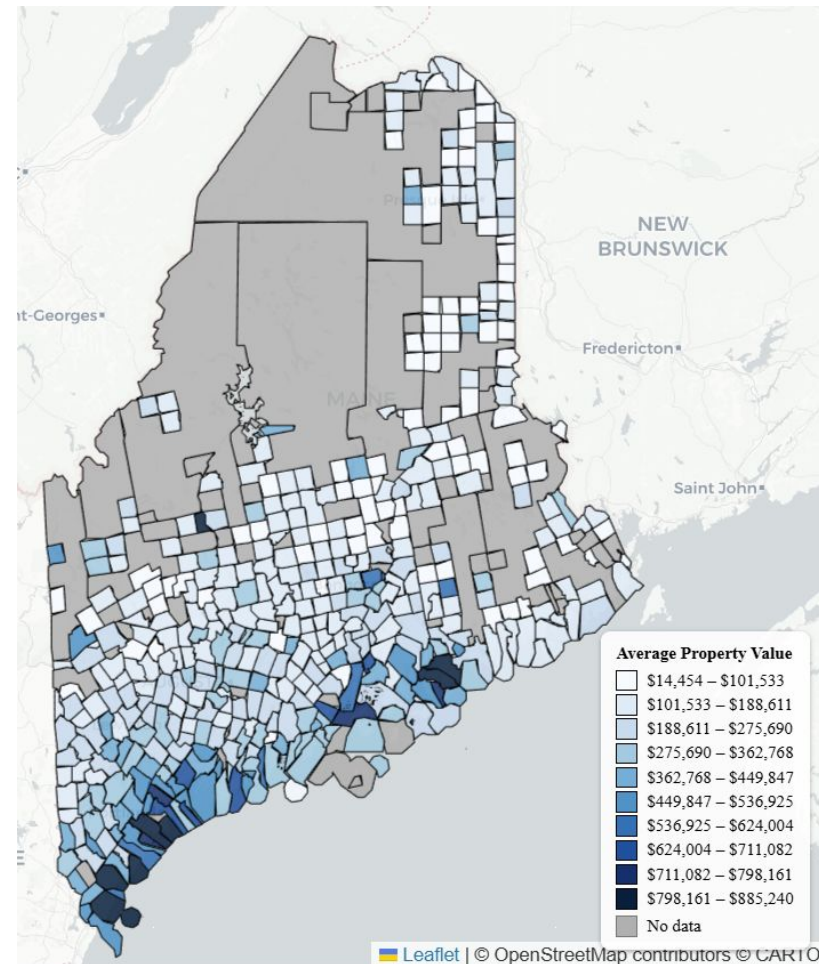
- Collect GIS and assessment records at the state level
 - 60% of municipal population is covered by GIS assessment records according to MVR
- Encourage municipalities to maintain digitized parcel maps
 - Supported via GeoLib grants
- Standardized classification system for property types
 - Modify MVRs to separate property categories (residential, commercial, vacant, etc.)
- Publication of tax commitment books as spreadsheets

Summary Statistics

Average Property Value

Maine: \$326,010

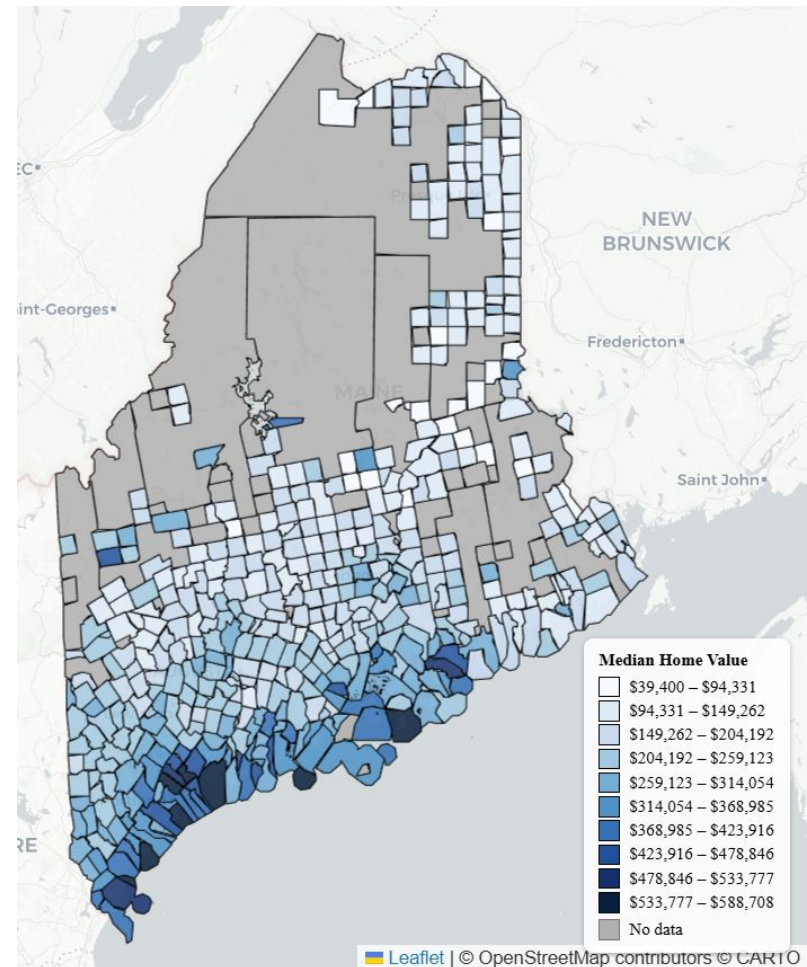
- **Summary:** Across all land parcels in that area, what was the average property value in 2024?
- **Measure:** \$ Total Taxable Value / # Land Parcels
- **Coverage:** 94% pop
- **Caveats:**
 - Combines all property types
 - Land parcels rather than tax accounts



Median Home Value

Maine: \$244,800

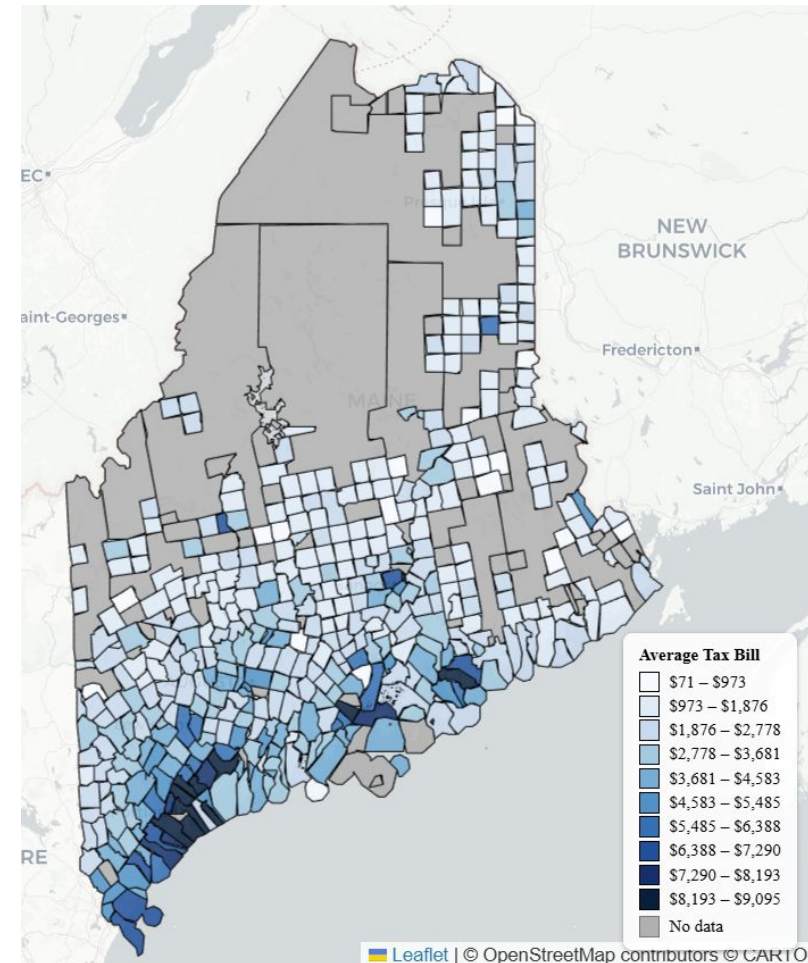
- **Summary:** Median home value in 2022 according to ACS 5-year estimates
- **Measure:** B25077_001E: Median Value (Dollars) of owner-occupied housing units
- **Coverage:** 99% pop



Average Tax Bill

Maine: \$4,003

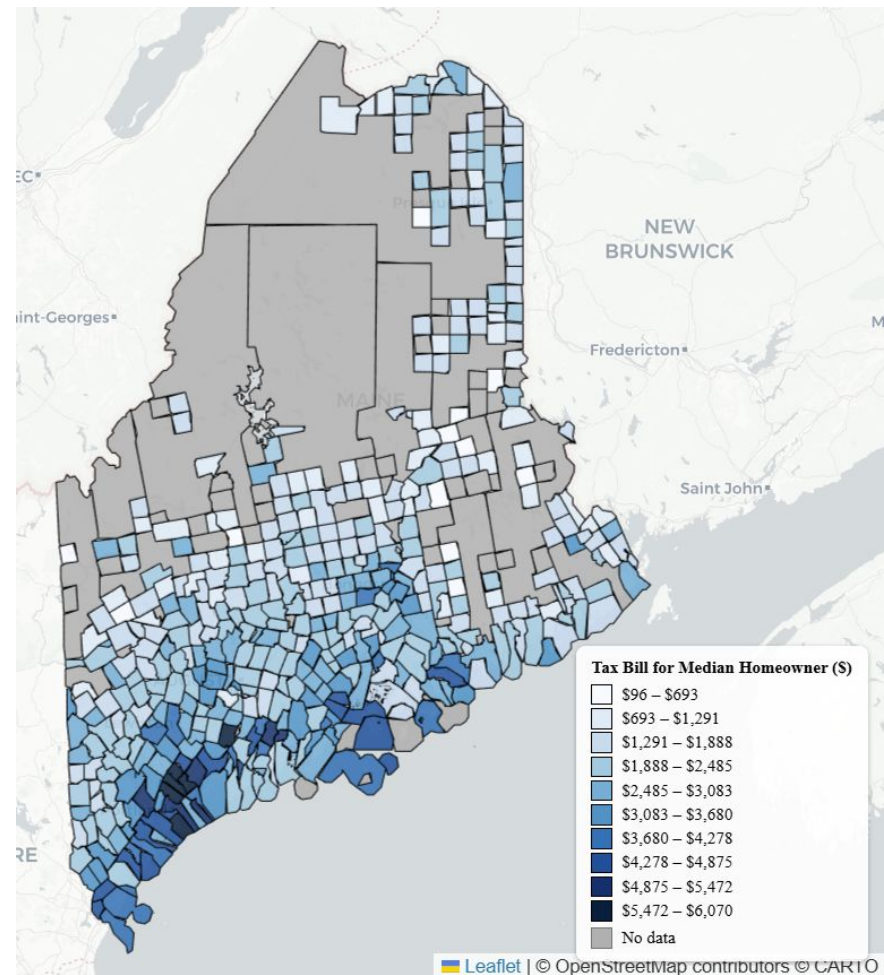
- **Summary:** Across all land parcels in that area, what was the average amount of tax paid in 2024?
- **Measure:** \$ Total Commitment / # Land Parcels
- **Coverage:** 94% population
- **Caveats:**
 - Combines all property types
 - Land parcels rather than tax accounts



Median Homeowner Tax Bill

Maine: \$3,088

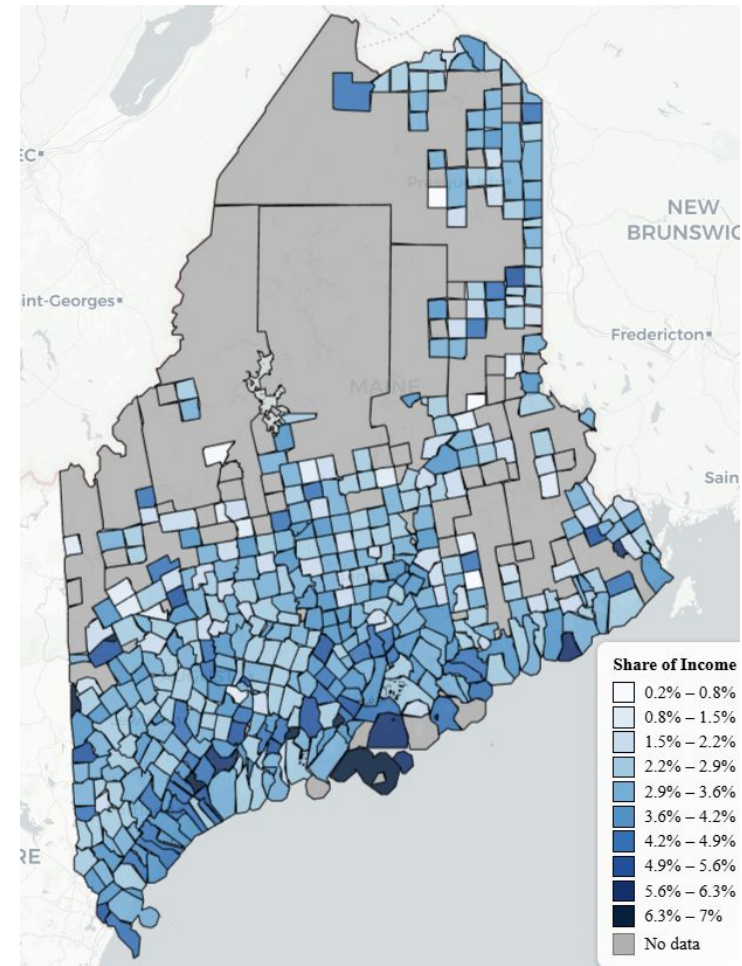
- **Summary:** For the median homeowner receiving a homestead exemption, what was their property tax bill in 2024?
- **Measure:**
$$[\text{Median Home Value} - \$25,000] \times [\text{Certified Ratio}] \times [\text{Mill Rate}]$$
- **Coverage:** 99% population



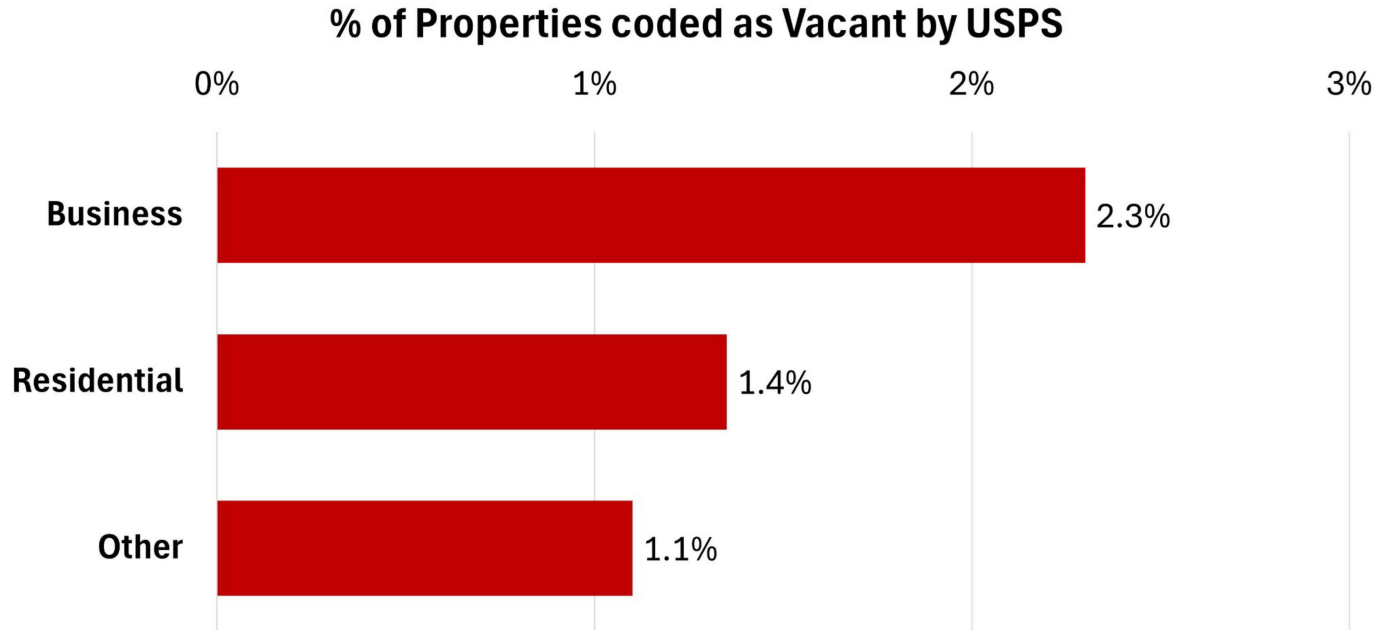
Share of Income Spent on PTax for Median Homeowner

Maine: 4.5%

- **Summary:** For the median homeowner receiving a homestead exemption, what share of their household income was spent on property taxes in 2024?
- **Measure:**
Tax Bill for Median Homeowner / Median Income
- **Coverage:** 99% population



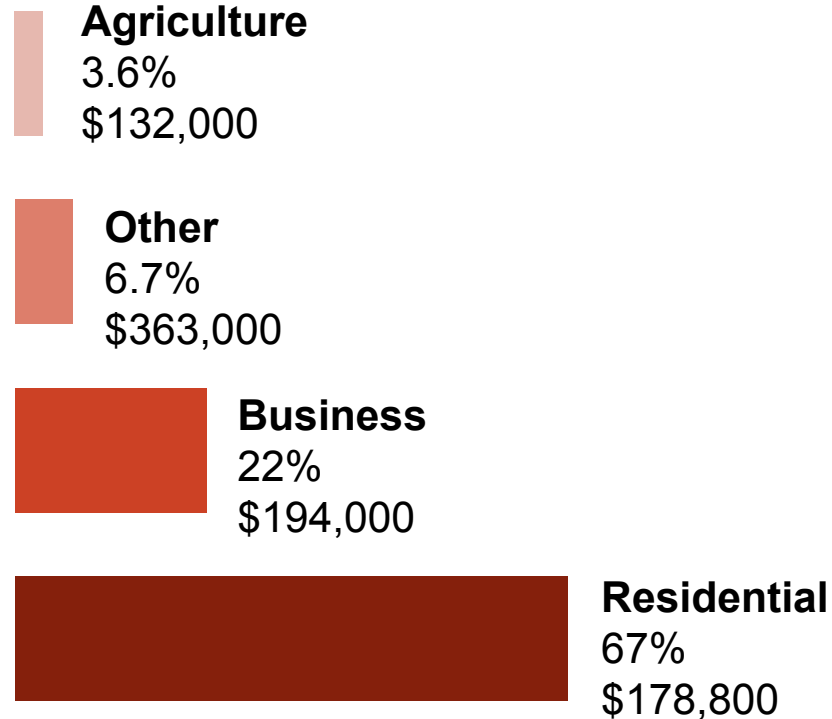
Commercial and Residential Vacancy



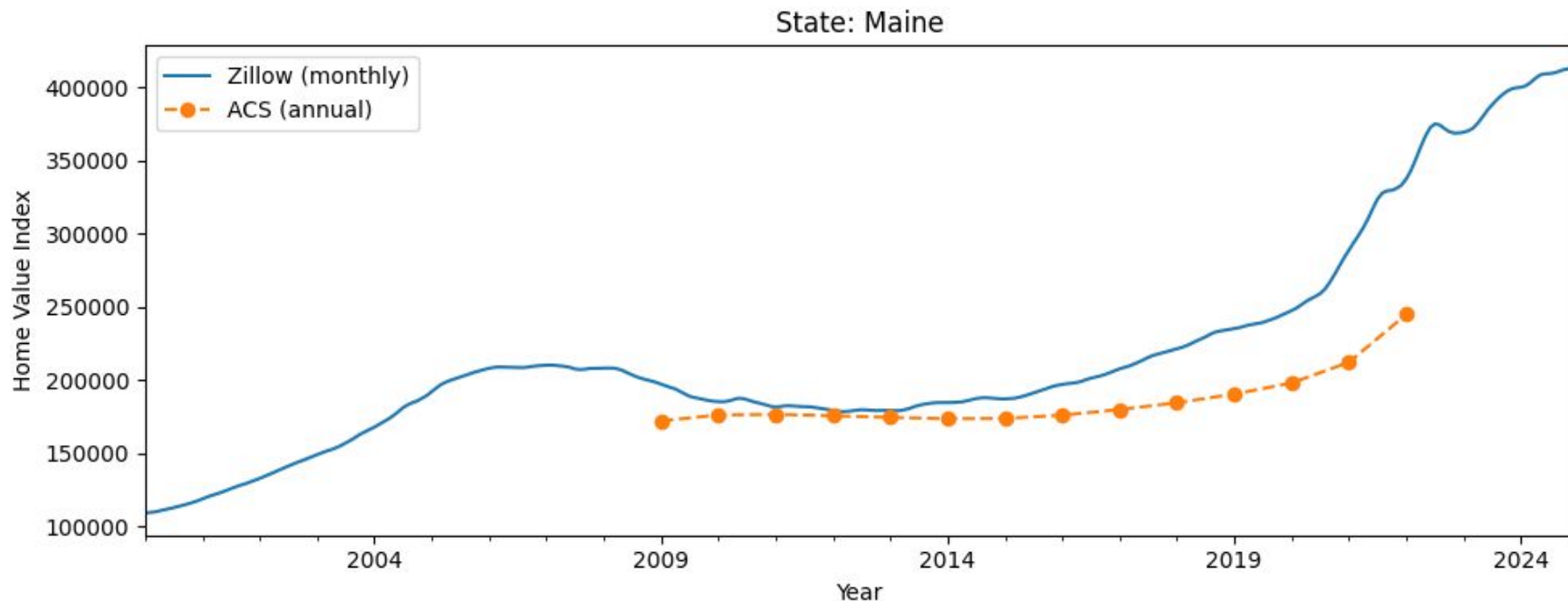
Caveat: limited coverage (30% population), USPS vacancy is an imperfect measure

Property Category

- **Summary:** Breaking down parcels by property category
- **Measure:**
 - Percent of parcels in that category
 - Median value of the parcels in that category
- **Coverage:** 30% population



Home prices experienced significant increases between 2020 and 2024



Feedback?

2. Analyst Hat

This section conducts empirical analysis of the data collected above, focusing in particular on topics that have been discussed by the Task Force during its meetings in 2025.

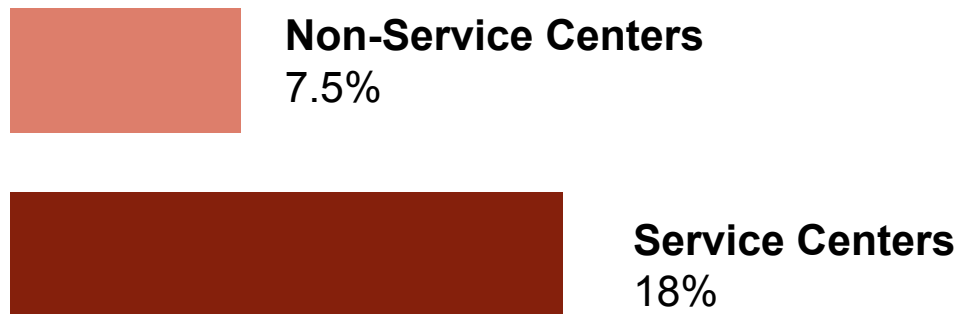
This section does not contain any kind of professional opinion of Maine's property tax system.

Nontaxable property raises tax rates, especially in Service Centers

Context: TF concerned that nontaxable property burdens service centers (12; IV.a; VI.C)

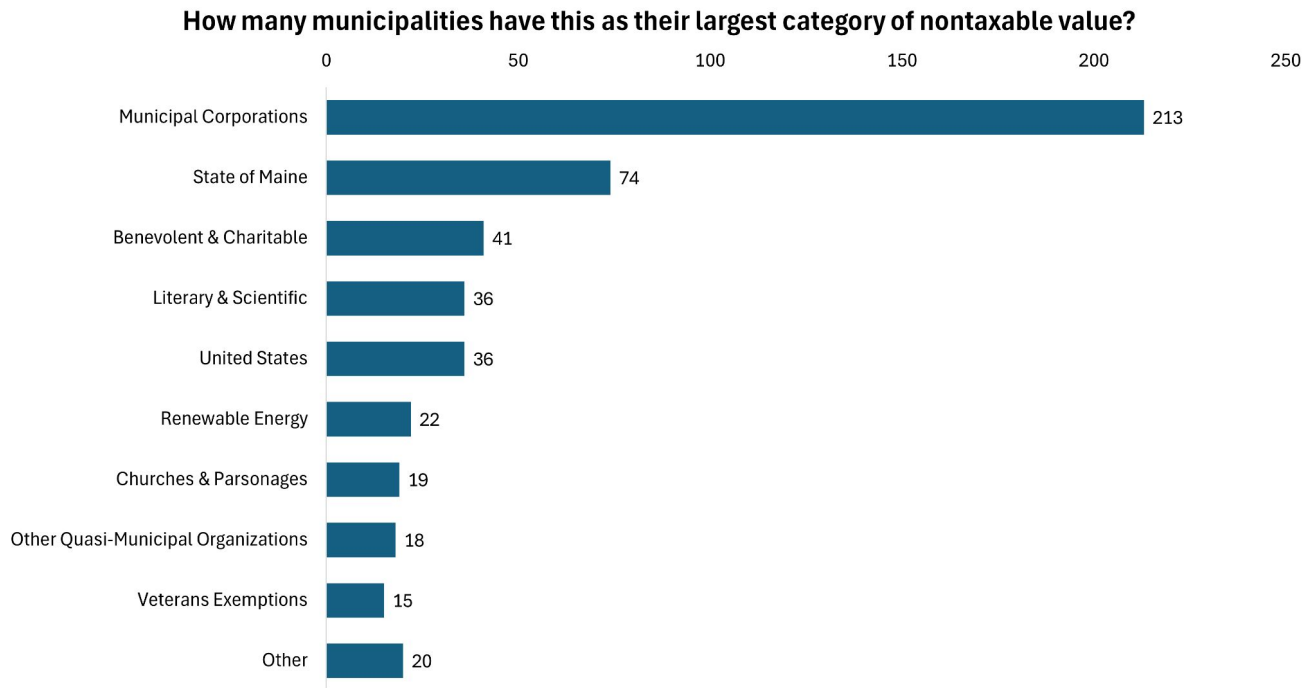
Maine: 10%

"Non-taxable property increases property tax bills by ~10%, on average across Maine."



Nontaxable property comes in different forms

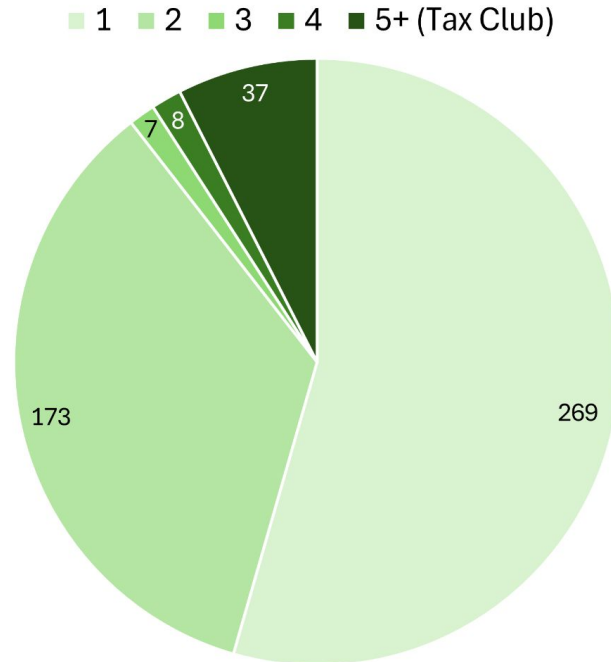
Context: TF concerned that nontaxable property burdens service centers (12; IV.a; VI.C)



Most municipalities are billing annually or biannually.

Context: TF considering “Monthly property tax payments, without penalty or fees” (l.a.)

How many property tax installments did municipalities allow in 2024?

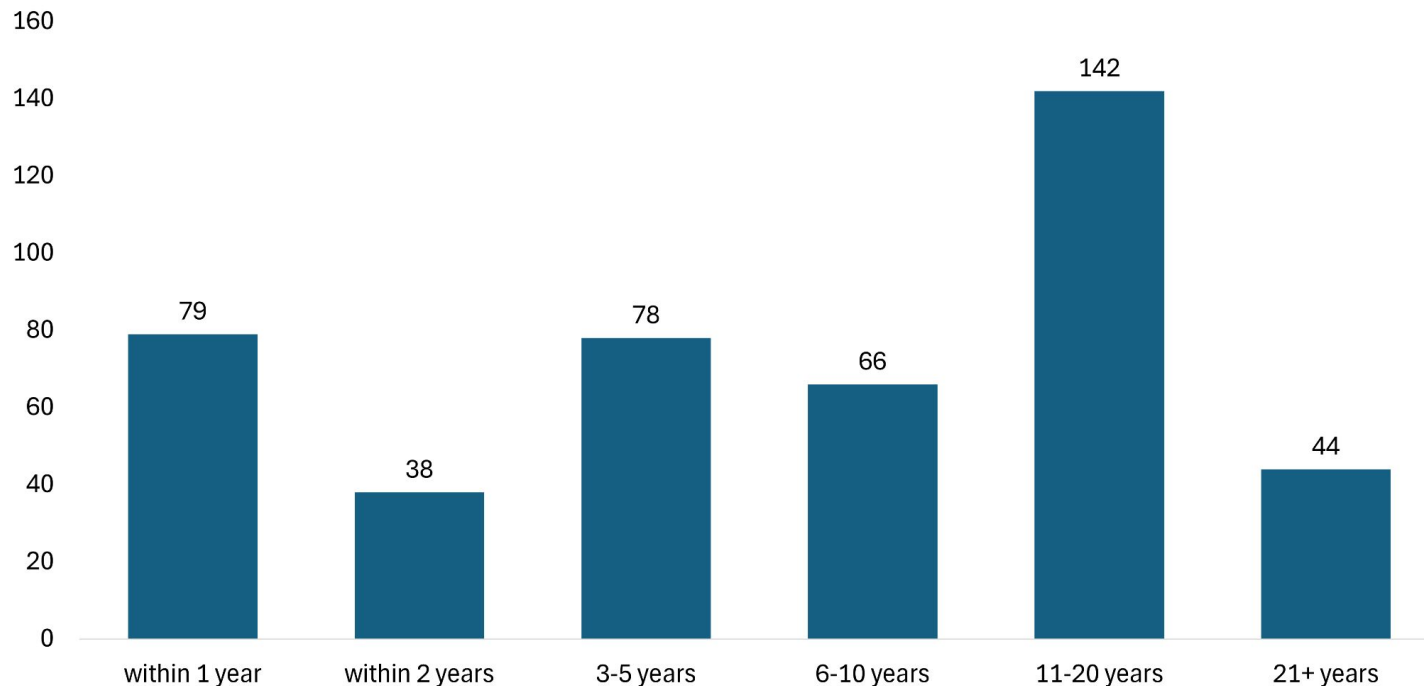


In 2024, 37 municipalities offered a tax club, enabling property tax payments to be spread over 7-12 months

Most municipalities have not revalued in over 5 years.

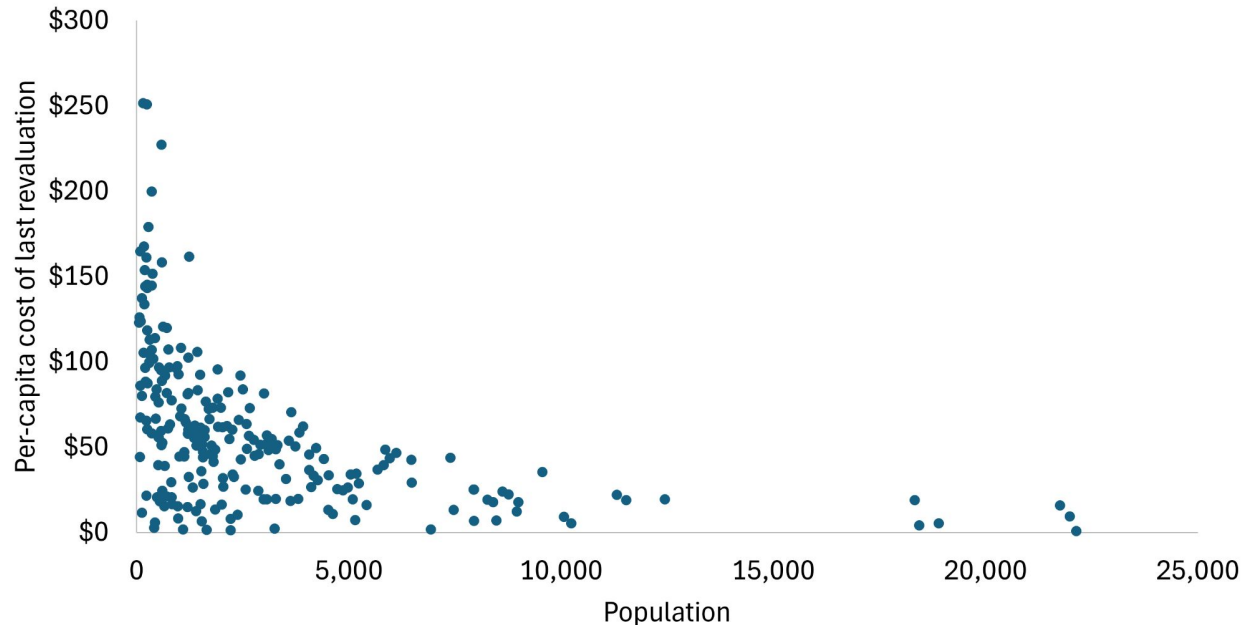
Context: TF considering more frequent valuations (l.c)

When did Maine municipalities conduct their most recent town-wide revaluation?



Valuation becomes cheaper per capita as population increases.

Context: TF considering regionalization of services to reduce costs (VII.p & VII.q)



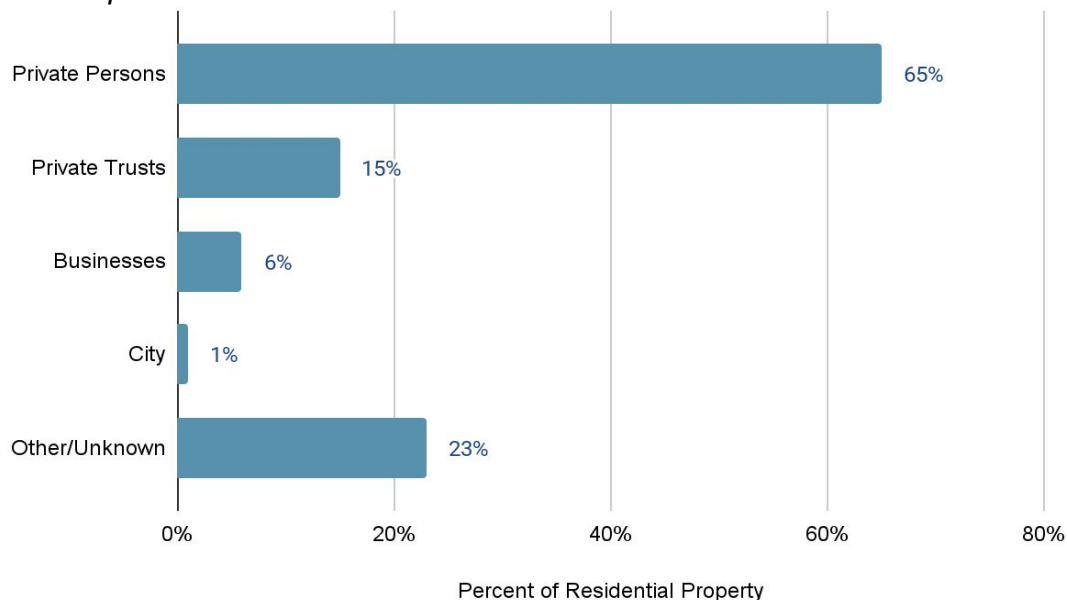
Most homes are owned by Mainers

Context: TF considering tax on REITs (IV.b), Taylor Swift Tax ()

88%
*of residential
property is
owned in Maine*

Who owns Residential property?

Coverage is 5% of municipalities, with 30% population, with parcel-level information



Some relief programs have minimal participation

Context: TF considering ways to encourage use of local senior ptax relief programs (VI.a).

Interested in identifying programs that are inefficient to deliver (VII.c)

- **Municipal Senior Property Tax Deferral Program**
 - Only 6 municipalities have one (Eliot, Hampden, Hiram, Kittery, Moose River, North Yarmouth)
 - Only 36 participants, receiving \$37,700 in relief
- **Senior Volunteer Tax Credit program**
 - Only 6 municipalities (Monmouth, Lagrange, Kittery, Monhegan Plt, Moose River, Cumberland)
 - Only 211 participants, receiving \$80,400 in relief
- **Local Relief Programs**
 - Only 27 municipalities
 - 2,877 participants, receiving \$1.9m in relief

3. Economist Hat

This section provides PPI & CLE's professional opinions of the Maine property tax system, in particular relating to the policy recommendations under consideration by the Task Force.
For transparency, we begin by outlining the tax principles through which we analyze tax policy.

Tax Principles

- **Efficiency:** Grow the economy; don't get in its way (VII.u-x)
- **Benefit Principle:** Align bills with benefits (#2)
- **Progressivity:** Make the burden match the means (#13)
- **Tenure Neutrality:** Be neutral on housing choices

Property taxes are good...

- Good for growth
- Burdens match benefits
- Progressive
- Simple to administer

Which Taxes Damage Growth the Most?

Study	Johansson et al. (2008)	Arnold et al. (2011)	Acosta-Ormacechea, Sola & Yoo (2019)	Şen & Kaya (2023)
Worst	Corporate Income Tax	Corporate Income Tax	Personal Income Tax	Corporate Income Tax
2nd Worst	Personal Income Tax	Personal Income Tax	Corporate Income Tax	Personal Income Tax
3rd Worst	Consumption Tax	Consumption Tax	Consumption Tax	Consumption Tax
Least Bad	Property Tax	Property Tax	Property Tax	Property Tax

...Land taxes are better

Context: Introduced by Ron Rakow of Lincoln (9/12)

- Building taxes discourage building
- Land taxes discourage speculation
- Land values are created by public services & community activity
- Essentially a tax exemption for buildings
- Generally more progressive than traditional property tax

Salience is a challenge for property tax

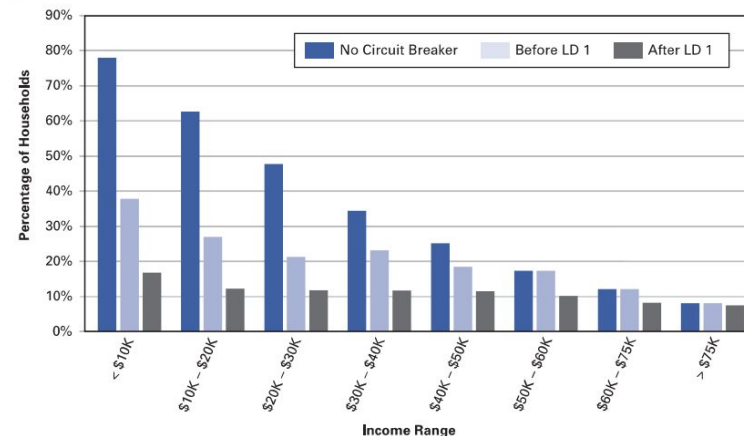
- 1-2 large bills each year; paid manually
- Silver lining: encourages budget accountability
- Task Force proposals helpful:
 - Monthly payments (I.a)
 - Connect Property Tax Fairness Credit into property tax bills (II.f)
 - More frequent revaluations (I.c)

Property taxes can impose high burdens on lower-income homeowners

Context: TF considering expanding the PTFC (II.f)

- Property Tax Fairness Credit is best-practice
 - Improves progressivity
 - Directly targeted on income
 - Tenure-neutral
- PTFC use: 134k recipients, \$113m in credits
- To Do:
 - Estimate number of eligible taxpayers
 - Potential modeling PTFC expansion

FIGURE 4: **Percentage of Maine Households with Property Tax Burden above 6 Percent of Income**



Source: Allen and Woodbury 2006

Proceed with caution when segmenting property taxes

- Task Force considering different tax rates for business vs residential property (VII.k)
 - Tends to gradually shift burden to businesses
 - Can lead to big distortions over time
 - Headache to unwind
- Task Force considering tax on REITs (IV.b)
 - Emerging research:
 - Landlord concentration: Watson & Ziv ([2023](#))
 - Housing outcomes: Francke, Hans, Korevaar, von Bekkum ([2023](#)); Coven ([2024](#))

Policy Modeling

TF has various policy recommendations scheduled for consideration at its 12/16/25 meeting. This section conducts some preliminary policy modeling of these policies, and reports high-level results. In particular, we focus on a) the aggregate cost to the State; b) the impact on tax bills; and c) how changes in tax rates correlate with municipal income levels.

Model 1: What if the homestead exemption had been indexed to house prices since 2020?

Context: TF considering a recommendation to index homestead exemption to inflation (#5)

- Index Data:
 - Zillow Home Value Index for ME rose from \$241k to \$403k from 2020-2025. Increase of 67.1%
 - State Valuation rose from \$186bn in 2020 to \$311bn in 2025. Increase of 67.4%
- Assume that a Homestead Exemption of \$25,000 in 2020 would have increased by +67% had it been indexed to property values.
- We therefore **model tax bills assuming a homestead exemption of \$41,750**
- Model:
 - Data from MVR 2024. Tax base is reduced by an amount equal to: the number of properties receiving a full homestead exemption, multiplied by \$41,750, multiplied by the Certified Ratio.
 - No change for properties receiving a partial homestead exemption (i.e. their value is <\$25,000).

Model 1: What if the homestead exemption had been indexed to house prices since 2020?

Context: TF considering a recommendation to index homestead exemption to inflation (#5)

-1.14%

***Reduction in average
property tax bill for
homeowners in 2024
(if the homestead
exemption were \$41,750
rather than \$25,000.)***

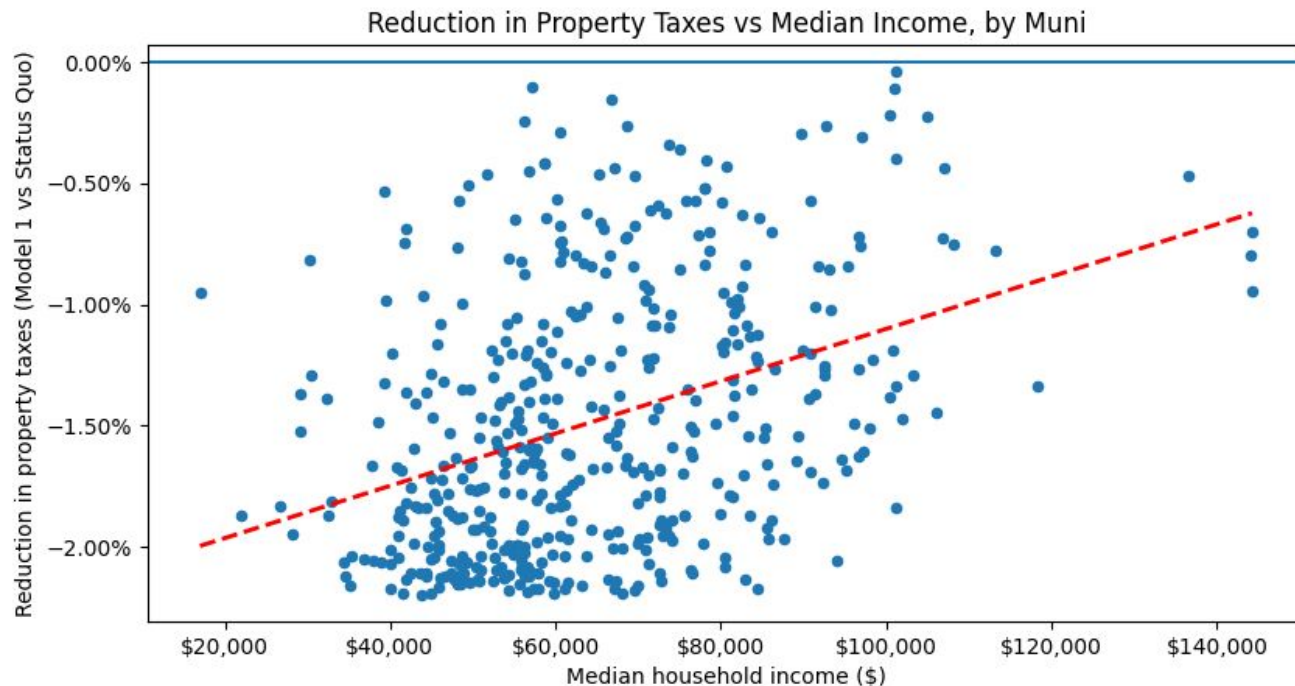
+\$39m

***Cost to State of Maine
(from increased homestead
reimbursement)***

Model 1: What if the homestead exemption had been indexed to house prices since 2020?

Context: TF considering a recommendation to index homestead exemption to inflation (#5)

Chart shows the relationship between each municipality's income and its average reduction in property taxes from the proposed policy.



Model 2: What if the homestead reimbursement rate were 100%?

Context: TF considering a recommendation to increase municipal reimbursement for homestead exemption to 100% (#6)

- We model a scenario where the **homestead reimbursement rate is increased from 76% to 100%.**
- This increases cashflows from the State to municipalities, which reduces the revenues that must be raised from property taxes.
- Model:
 - Data from MVR 2024.
 - Homestead reimbursement amounts increased by $(100\% / 76\% =) 1.316x$

Model 2: What if the homestead reimbursement rate were 100%?

Context: TF considering a recommendation to increase municipal reimbursement for homestead exemption to 100% (#6)

-0.78%

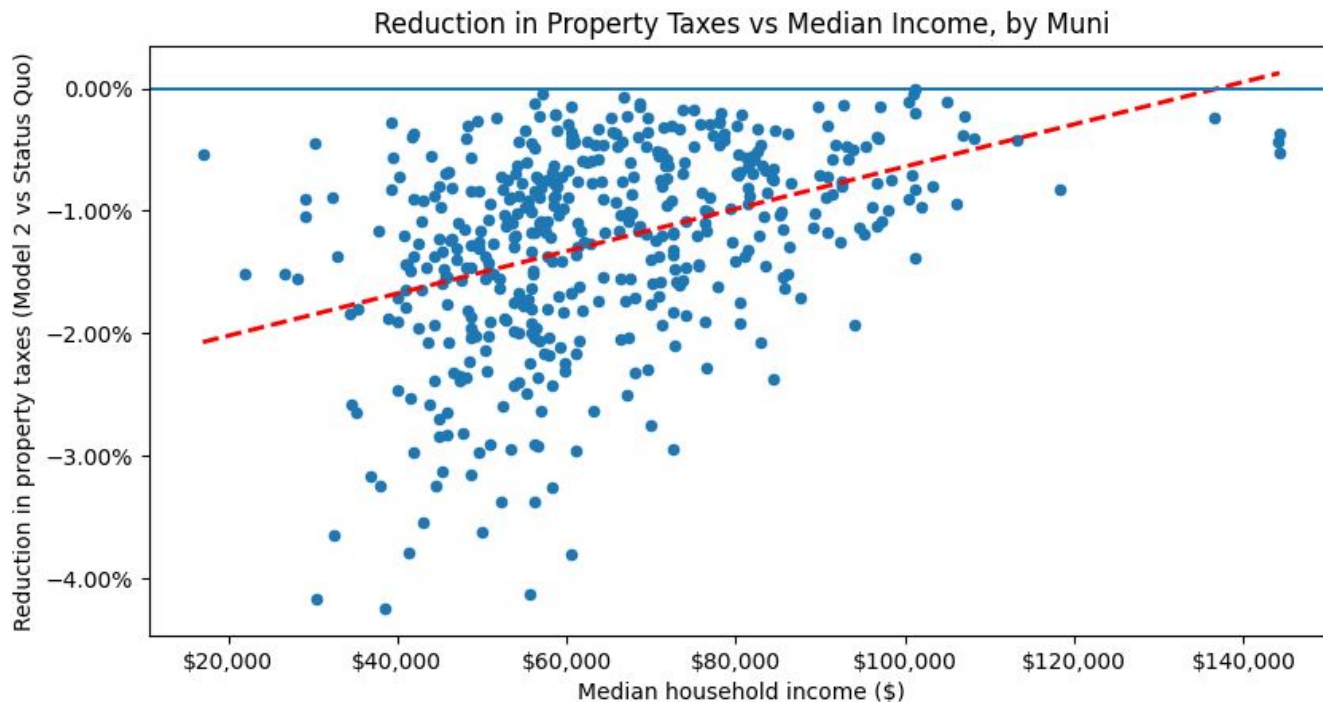
***Reduction in average
property tax bill in 2024
(if the homestead
reimbursement rate were
100% rather than 76%)***

+\$27m

***Cost to State of Maine
(from increased homestead
reimbursement)***

Model 2: What if the homestead reimbursement rate were 100%?

Context: TF considering a recommendation to increase municipal reimbursement for homestead exemption to 100% (#6)



Model 3: What if REV-I were increased by +10%?

Context: TF considering a recommendation to increase municipal revenue sharing (#8)

- We model a scenario where REV-I payments are doubled,
- This increases cashflows from the State to municipalities, which reduces the revenues that must be raised from property taxes.
- Model:
 - Data from MVR 2024 and FY25 Revenue Sharing Projections (Revised 07.18.24)
 - REV-I payments for FY25 projected to be \$208.5m; these are doubled in our model.

Model 3: What if REV-I were increased by +10%?

Context: TF considering a recommendation to increase municipal revenue sharing (#8)

-0.71%

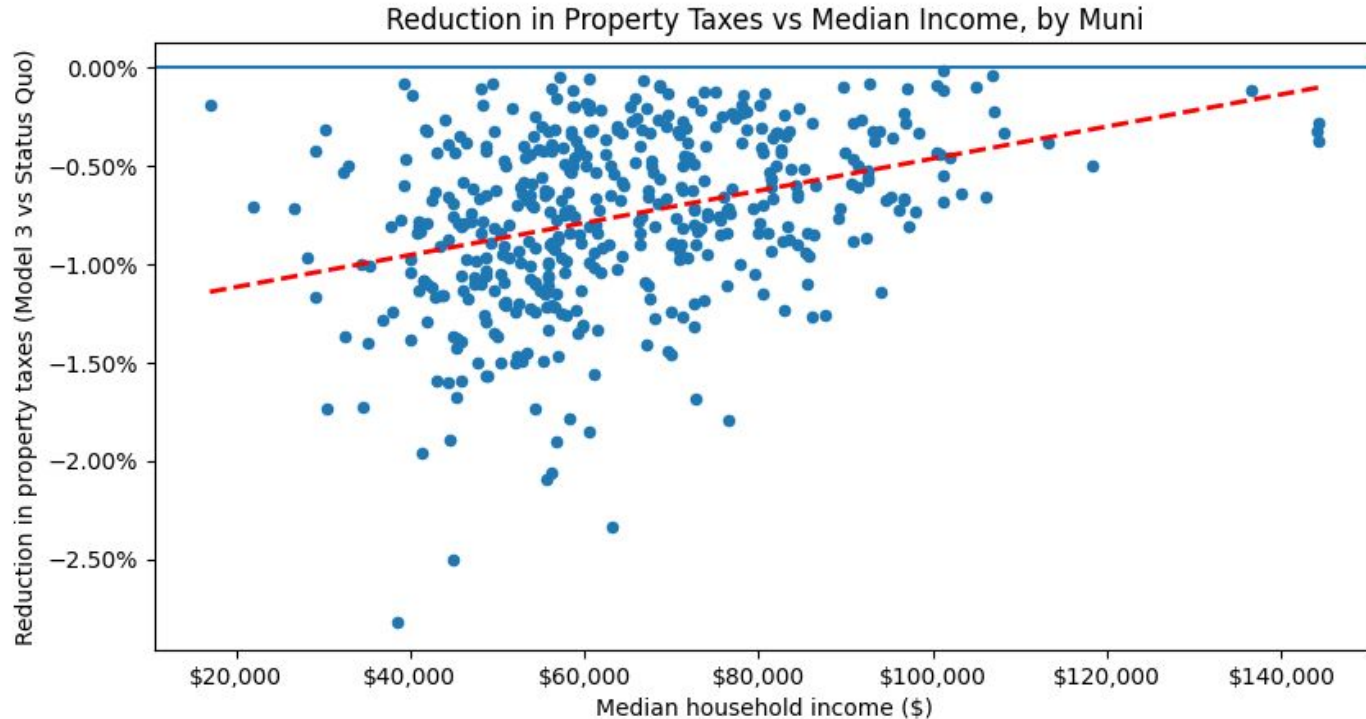
***Reduction in average
property tax bill in 2024
(if REV-I distributions were
increased by +10%)***

+\$21m

***Cost to State of Maine
(from increased
revenue-sharing)***

Model 3: What if REV-I were increased by +10%?

Context: TF considering a recommendation to increase municipal revenue sharing (#8)



Interpretation

- All three modeled policies are ways to use State funds to reduce municipalities' reliance on property taxes.
- Note that State funds translate into property tax relief at the same rate: every \$10m from the State enables 0.3% cut in property taxes, on average.
- Question becomes:
 - *Which form of state property tax relief is best, when evaluated against goals / tax principles?*
 - *Are there better alternatives?*
 - *Subject of our 2026 work.*

Looking Forward

Unfunded Mandates

- Goals:
 - Identify largest UMs overall
 - Identify UMs that impose unique burden on certain municipalities
- Definitions vary - MMA have a list of candidates
- Probable Approach: Poll Municipalities
 - Rank top 5 (from MMA list)
 - For top 5, ballpark estimate of cost

Federal Funding Risks

- Considering multiple approaches
 - Use city budgets to identify Intergovernmental Transfers less identifiable State transfers
 - Polling municipalities
 - US OMB and other federal reporting (SEFA) and grants databases
- Major Funding Streams (to look into): FEMA, Brownfields EPA, State Revolving Funds, SNAP; LIHTC; CDBG

Potential Avenues for Policy Analysis

Context: Policies under consideration by TF where we could provide analysis

- Property Tax Deferral Program: effects of raising income thresholds (II.a)
- PTFC: effect of expanding maximum \$\$ amounts (II.f)
- PTFC: effect of treating all low-income people the same (not splitting by over/under 65) (II.f)
- Changes to homestead exemptions (II.b)
- Reforms to current use (VII.a)

Laxon, Lindsay

From: Laxon, Lindsay
Sent: Monday, December 15, 2025 9:03 AM
To: RE Property Tax Relief Task Force
Subject: FW: Real estate Property Tax Relief Task Force
Attachments: 111525 Lambert Property Tax Letter .pdf

Lindsay J. Laxon, Esq.
Legislative Analyst
Office of Policy and Legal Analysis
Maine State Legislature
(207) 287-1670

From: John F. Lambert Jr. <jlambert@lambertrudman.com>
Sent: Monday, December 15, 2025 8:11 AM
To: Laxon, Lindsay <Lindsay.Laxon@legislature.maine.gov>; Olson, Rachel <Rachel.Olson@legislature.maine.gov>; Sargent, James <James.Sargent@legislature.maine.gov>
Subject: Real estate Property Tax Relief Task Force

This message originates from outside the Maine Legislature.

Hon. Senator Nicole Grohoski, Chair
Hon. Representative Ann Matlack, Chair
Hon. Senator Bruce Bickford
Hon. Representative Robert Nutting
Dick Woodbury
Peace Mutesi
Phil Saucier
Matt Peters
Vinnie Caliendo
Nick Cloutier
Carollyn Lear
Kathleen Billings
Ed Gardner
Peter Lacy
Michael Allen, Ph.D.

lindsay.laxon@legislature.maine.gov
rachel.olson@legislature.maine.gov
james.sargent@legislature.maine.gov

Re: Real Estate Property Tax Relief Task Force

Dear Chairs Grohoski and Matlack, and
Members of the Real Estate Property Tax Relief Task Force ("REPTRTF");

I write to comment on the redlined December 5th Draft Preliminary Findings and Recommendations posted on the REPTRTF website and some related issues. Before jumping into my comments, I again want to thank each of you for your time and service. Clearly, a lot of work has been occurring.

INCREASING PROPERTY VALUES

Both implicitly and explicitly in the materials posted on the website of the Task Force, rapidly rising property values are identified as a problem. Rising property values are certainly an issue for access to housing, but for purposes of property taxes, they are not an issue except in the limited instance when the percentage increase in your property value exceeds the average percentage increase of property values in the town. If the assessment value for your property goes up 50% but the average increase in the town is 75%, your property taxes actually go down. Only when the percentage increase of your new property assessment exceeds the average percentage increase of the town average is there an increase in your property taxes.

The 800-pound gorilla before the Task Force is not increasing property values. The issue is increased costs and spending. Taxes are up because expenses and spending are up – not because of higher property values.

There is no more meaningful step that can be taken to reduce property taxes than to reduce the costs towns and schools pay. And the single most important recommendation this Task Force can make to the Legislature is to underscore the urgency of the need for Maine to control health care costs (and park the concern of access – because access will be easier if the costs are controlled). The inflationary rate of Maine health care costs is killing us. Each year these increases pose increasingly difficult financial challenges for towns and schools, producing higher tax rates. And the increasing health care costs are also using up more and more of many households' income. The property tax bill seems more daunting when health care costs keep rising.

An additional thought on rapidly increasing property values. I never understood why the price of a newly sold home (or the estate appraisal of an inherited property) does not immediately become the town's assessed value for the property. The sale price is the fair-market-value of the property and fair-market-value should be the goal of all towns' assessments. And using the sales price helps the other property owners. The house assessed for \$500,000 that sells for \$1,000,000 and is then assessed by the town at \$1,000,000, reduces the property burden on the rest of the town by \$500,000. Properties that sell for more than their municipally appraised value should reduce the tax burden on the remaining property owners. Make the sales price the presumptive town assessment.

The Concern over Capacity to Pay Property Taxes

Proposed Finding No. 7 notes that property taxes may exceed the amount that some seniors may have "budgeted." Noting the disparity between household income growth and the increase in property taxes, Proposed Finding No. 13 notes that some, "are living in homes with a fair market (taxable) value that is far higher than they could afford today, based on their income" (a statement that could probably be made about every household purchase). These observations appear to have prompted a concept of limiting the amount of property taxes a property owner might be obligated to pay based on the property owner's income.

Early on in my tenure with the Cumberland Town Council, we had a situation where a property owner who resided in a house with 200+ acres would each year come in the last day before the municipal lien filed for non-payment of taxes "matured," transitioning title of the property to Cumberland (the pertinent statute has fortunately, since been amended). One year, he missed the deadline, and by statute, the town owned the property. Upon payment of all that he owed, the town was willing to return the property but asked for a right of first refusal should he ever want to sell. We were deemed communists for such an audacious request and there was contentious hearing about what to do. As the hearing progressed, the issue boiled down to the property owner who had inherited more real estate than he could afford, complaining about taxes to people who were working to pay

off mortgages obtained to purchase their homes. He lacked the income to pay his property taxes - but there was much more to the story.

Wading into a property owner's capacity to pay and using income as a tool to discern that capacity is dicey business. Income is a pretty unreliable indicator of wealth, especially amongst seniors. A person can have a \$2 million dollar portfolio or 401k and live on \$50,000 a year. One has only to watch the machinations households underwent to secure college financial aid to see the games that occur to disguise income. I assume such a program would require a Maine tax return with no return in any other state, for property that was the full-time residence of the applicant. Would there also be a review of the person's other assets? Sort of a wealth test?

As this concept is explored, I think it helpful to remember the following:

1. Every exemption to or break in payment of property taxes is at the expense of the rest of the taxpayers, even when the substituted funding comes from the state.
2. People do not have a right to "retire." People do not have a "right" to stay in their houses, especially if they had the good fortune to inherit it or it is a second home. We all make choices about what we earn, save, and when we stop working. The instances when the other taxpayers should have to cover other's tax obligations should be limited and rare.
3. Trust in governmental processes and the belief that they are fair is at an all-time low. It is hard to see how income test approach will not engender more distrust as it is inevitably gamed.

The proposal for addressing ostensible income shortfalls appears to use state tax revenues to ameliorate the shortfall. Looking to state revenues for help, especially with the service centers and for education, does make sense in some respects because its sources are so much broader and diverse: income, estate, sales, excise taxes, etc. from residents and tourists.

Recreational/Sports Expenses

Increasingly communities are spending very substantial operational and capital funds on recreational opportunities for their constituents, walking trails, playgrounds, weekend programs, etc. While certainly wonderful additions for the communities, are these governmental necessities – or luxuries. Should these costs be fee based instead of covered by some form of tax (whether property or state income)? I think the same tension probably exists with the school's sports budget. User fees in a school are problematic, as some households genuinely cannot afford them and no student should be excluded on a financial basis.

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7 Ocean Terrace
Cumberland, ME 04110
207 831 8225 (m)

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Very truly yours,



John Lambert

7 Ocean Terrace

Cumberland, ME 04110

207 831 8225 (m)

December 16, 2025

Dear members of the Real Estate Property Tax Relief Task Force,

Maine Center for Economic Policy is submitting this input on the Task Force's draft preliminary findings and recommendations dated December 5, 2025. Thank you for your diligent work on this important issue. We are available as a resource should you have further questions.

Sincerely,

Maura Pillsbury, maura@mecep.org

Additional suggested preliminary findings

- Property taxes pay for important services we all need and use, like safe roads, clean water, and educating our future workforce.
- Income inequality is worsening. Relieving pressure on those who cannot afford their property taxes will require either: 1) those who have more paying more or 2) cutting services.
- Housing affordability is exacerbated by rising property taxes. The state must address the housing crisis at the root of this problem. (Source: "[A Roadmap for the Future of Housing Production in Maine](#)," January 2025)
- Property taxes are valuable for addressing wealth inequality because they are essentially a tax on wealth. However, property value does not always reflect ability to pay property taxes.
- Property taxes are an important source of revenue that is comparatively less regressive than alternatives like the sales tax. (Source: <https://itep.org/maine-who-pays-7th-edition/>)
- Property taxes allow the state to tax those who may not otherwise pay income taxes or pay less in sales taxes, such as vacation home owners.
- The value of residential property has increased at a greater rate than commercial property, leading to a shift in the property tax base to become more reliant on residential property tax payers.
- According to Maine Education Policy Research Institute (MEPRI) updates are needed to the state education funding formula to make it more equitable, especially in the area of special education where funding is inadequate to deliver required services. Local

communities picking up the cost of these services impacts property taxes. (Source: [“Review of Selected Essential Programs and Services Components,”](#) June 2025)

- Property tax rankings should be interpreted with caution because they include non-resident property taxes, but not income. (Ms. Billings and Dr. Allen referred to this on Dec. 5.) Additionally, average income from Census data includes renters, who are likely to have lower incomes, further skewing average income to average property tax ratios.

Additional proposed preliminary recommendations

- Increase state funding to municipalities. To relieve pressure on local property tax payers, the state should increase education funding , revenue sharing, and general assistance funding to municipalities.
- Increase progressive revenue. The fairest, most equitable way to raise revenue is through the income tax because it is based on ability to pay. The Legislature approved bills increasing the individual and corporate income taxes last session, LD 229 and LD 1879.
- Explore taxing different types of property at different rates according to use, e.g. commercial, residential, second homes. This may necessitate a constitutional amendment. Maine already taxes certain property at different rates, like tree growth and open space.
- Eliminate the BETR and BETE programs for large multi-national corporations and only offer them to small businesses. Big out-of-state corporations should not get big tax breaks that disadvantage our small local businesses.
- Oppose setting a limit on property taxes regardless of home value, which could provide costly tax breaks to owners of high value homes.
- Oppose increasing the homestead exemption based on length of residency, which would have unintended consequences such as discouraging people from moving and potentially puts new homeowners and renters at a disadvantage. Length of residency also does not capture ability to pay.
- Oppose requiring older residents to pay lower property taxes because they don’t use schools. All Mainers benefit from having an educated populace.
- Oppose capping property taxes if a municipality has rent control. This would favor wealthier residents and these are local decisions.
- Consider alternative revenue sources to relieve pressure on local property tax payers, such as a statewide property tax (possibly with a large exemption for primary residences) or tax on high value second homes.