Real Estate Property Tax Relief Task Force
Resolve 2025, chapter 108
Wednesday, June 30, 2026, at 10 a.m.
Room 228 (AFA Committee Room)
State House, Augusta, ME

Agenda

10:00 am **Welcome**
Chairs, Senator Nicole Grohoski & Representative Ann Matlack

10:05 am **Joint Standing Committee on Taxation Discussion with Real Estate Property Tax Relief Task Force**
Task Force Chairs, Senator Nicole Grohoski & Representative Ann Matlack
Taxation Committee Chairs, Senator Nicole Grohoski & Representative Dan Sayre
- Review and discussion of Task Force's initial proposed ideas for final recommendations
- Feedback from the Taxation Committee on initial proposed ideas for final recommendations

12:00 pm ***Lunch***

1:00 pm **Task Force Member Discussion**
- Continued discussion regarding initial proposed ideas for final recommendations and TAX committee feedback
- Research question proposals for PPI
- Additional information requests for staff or other agencies

The meeting can be livestreamed either on the Legislature's webpage or on YouTube:
- https://legislature.maine.gov/Audio/#228
- https://www.youtube.com/mainestatelegislature (Select the Maine Legislature Channel that includes the committee room where the meeting is being held.)

Links to archived meeting video for both the Legislature's webpage and YouTube will be posted to the Task Force's webpage when they are available.

Real Estate Property Tax Relief Task Force – Recommendation Ideas for Additional Discussion
June 30th 2026

The tables below include proposed initial recommendations that were reviewed at the June 10, 2026, Task Force meeting and identified by members for additional discussion. Task Force staff made every effort to accurately capture Task Force members' ideas and selections, but staff ask members to carefully review these recommendations to ensure that they reflect the discussions on June 10th. If changes or additions are necessary, they will be discussed at the June 30th meeting.

<table>
<tr><th colspan="3">Existing Relief Programs</th></tr>
<tr><th>Homestead Exemption</th><th>Property Tax Fairness Credit</th><th>Property Tax Deferral Program</th></tr>
<tr><td>• Expand the homestead exemption
o Consider a 100% reimbursement to municipalities.
• Expand eligibility to include irrevocable trusts, particularly when beneficiaries are long-term, full-time residents.</td><td>• Expand eligibility and/or increase benefit amount.
• Address timing issue (i.e., reimbursement versus immediate application to offset property tax liability).
• Limit property tax liability to no more than a percentage of income.</td><td rowspan="2">• Increase uptake of program & make program more appealing which could include:
o Changes to income/asset limits;
o Consideration of and/or changes to the impact of lien on credit;
o Reduction of interest rate;
o Adjustments to payment plan structure/eligibility for those who may inherit;
o Consideration of ownership types that are eligible;
o Adjustments to acreage limits.</td></tr>
<tr><td colspan="2">• "Homestead Plus" proposal – integrate all funds from current revenue sharing, homestead exemption and property tax fairness credit into a single program, paid directly to municipalities to reduce net property tax invoices sent to resident taxpayer each year – individualized relief based on income to property tax burden ratio.</td></tr>
<tr><th>Current Use Programs</th><th>Exempt Property</th><th>Personal Property Tax Changes</th></tr>
<tr><td>• Review current use programs to ensure programs are still meeting the purpose for which they were created (consider one time review or ongoing schedule of review).</td><td>• Review exemptions to ensure they are still meeting the purpose for which they were created (consider one time review or ongoing schedule of review).
• Discuss options related to PILOTS, including tracking by MRS.</td><td>• Review personal property tax exemptions to ensure they are still meeting the purpose for which they were created (consider one time review or ongoing schedule of review).</td></tr>
<tr><td colspan="3">• Improve enrollment in relief programs via increased outreach efforts (e.g., CA$H Maine), including outreach to municipalities.
• Encourage municipal level property tax relief programs.</td></tr>
</table>

Prepared by the Office of Policy and Legal Analysis

Property Tax Assessment Processes - Determining Assessed Value
• Explore ways to incentivize or otherwise facilitate more frequent revaluations: o Examine why municipalities are not following best practices and what incentives/penalties currently exist; o Enforce existing standards regarding revaluation and assessment; o MRS training for assessors on statistical update process. • Require the provision of more information to property owners about the data which supports their assessments. • Consider reducing assessed value of property that has limited roadway access or providing tax credits to property owners who provide maintenance on abandoned or discontinued roadways that are considered public access easements.

Municipal (non-school) & County Level Proposals		
Municipal Consolidation of Services	**Establish/Reform other Taxes/Fees or Revenue Sources**	**Revenue Sharing**
• Incentivize regionalization of lower priority services (not education related); encourage consolidation of services. • Continue discussion of municipal auditing; examine any current requirements for municipal and county audits and compare them to practice.	• Allow municipalities to impose local option sales tax.	• Look at restructuring Revenue Sharing II to get more relief for service centers.

New Options for Assessing Property Taxes
Determining Property Tax Rates
• Discuss options for split-rate or split-roll property taxes: o Property taxes with different rates for land and buildings; o Property taxes with different rates for homestead v. non-homestead property; o Property taxes with different rates for commercial v. residential property; • Replacing portion of municipal property tax with a statewide property tax to pay for education, combined with very large homestead exemption

Olson, Rachel

From: Amanda Campbell <acampbell@memun.org>
Sent: Monday, June 22, 2026 12:52 PM
To: Laxon, Lindsay; Olson, Rachel
Subject: MMA additional info
Attachments: Task Force MMA LPC WG Priorities.pdf

This message originates from outside the Maine Legislature.

Hi Lindsay and Rachel,

As requested by Senator Bickford, please find attached a memo to the task force summarizing the LPC tax working group's priorities based on the task force's duties outlined in LD 1770. Please let me know if you have any questions. See you on the 30th.

Cheers,

Amanda

Amanda Campbell

Legislative Advocate, Advocacy & Communications

Maine Municipal Association

60 Community Drive, Augusta, ME 04330

1-800-452-8786 (in state)

207-623-8428 ext. 2208

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To: Real Estate Property Tax Relief Task Force
From: Amanda Campbell, Legislative Advocate
RE: LPC Working Group Survey of Task Force Duties

June 30, 2026

During several meetings prior to the convention of the task force, MMA's Legislative Policy Committee Tax Reform Working Group reviewed the duties assigned to the task force and ranked them by priority. Those results, which were shared verbally at the June 10, 2026, meeting of the Real Estate Property Tax Relief Task Force, are included here.

Of the seven (7) overall duties of the task force, the following ranked the highest:

- **Develop targeted support for long-term property owners who need support to age in place.**

Of the individual *duties*, the following **tasks** ranked the highest:

- *Contract with an entity for research and analytical support....*
  The impact of unfunded mandates on local budgets.

- *Perform a comparison of this State to the rest of the nation....*
  Explore property tax relief measures and programs used by other states...to determine if those relief programs could be adapted to the State.

- *Explore the need for amendments to the Constitution of Maine....*
  Researching which states have successfully amended their constitutions...and the advantages and disadvantages of those amendments.

- *Develop methods to ensure municipalities use property tax relief for its intended purpose...*
  All three items were ranked equally.

- *Assess changes to the valuation process and support for municipalities...*
  Investigate how other states ensure equitable, updates and fair valuation practices.

- *Develop targeted support for long-term property owners who need support to age in place…* **Studying states that have implemented property tax relief programs specifically for long-term homeowners.**

MMA greatly appreciates the opportunity to provide the task force with this information. I look forward to working with the task force during the interim and with the new taxation committee during the 133rd Legislature to continue this partnership, enhance the ways we already work together, and to brainstorm how we can increase opportunities for collaboration.

Please feel free to contact me with any questions.

Sincerely,
Amanda Campbell (acampbell@memun.org)

Real Estate Property Tax Relief Task Force

Public Comment Received Since Last Task Force Meeting

6.30.2026

Olson, Rachel

From:	Jamie Garvin <jgarvin@gpcog.org>
Sent:	Thursday, June 11, 2026 4:26 PM
To:	RE Propery Tax Relief Task Force
Cc:	Kristina Egan; Morelli, Scott; Roy, Joseph; Penny Jordan; Hall, Tom; Orenstein, Karin; Elizabeth Scifres; Jonathan Sahrbeck; Sessions, Nathan; Pinkham, Tashia; Joseph Merry; Poirier, Thomas; Berry, Andrea; Paul Johnson; Amanda Campbell
Subject:	Regional Optional Sales Tax with Revenue Sharing — GPCOG Proposal and Research Recommendations
Attachments:	Regional Optional Sales Tax with Revenue Sharing — GPCOG Proposal and Research Recommendations.pdf; GPCOG Regional Revenue Sharing Plan.pdf

Dear Senator Grohoski, Representative Matlack, and Distinguished Members of the Task Force:

Please find attached a memorandum from the Greater Portland Council of Governments in response to the Task Force's interest, expressed at your June 10 meeting, in further examining local option sales tax models as a potential structural reform.

The memorandum outlines GPCOG's regional optional sales tax proposal, which is designed to address the urban-rural equity concerns that have historically impeded local option tax efforts in Maine. It also offers recommended research questions for the Task Force's consideration, including a recommendation that the Task Force seek an advisory opinion from the Office of the Attorney General or the Maine Supreme Judicial Court regarding the constitutional requirements for any local option tax mechanism.

We would welcome the opportunity to present this proposal in greater detail at a future meeting of the Task Force, including revenue modeling and distributional analysis across municipality types.

Thank you for your continued leadership on this issue. Please do not hesitate to reach out with any questions.

Respectfully,

Jamie Garvin
Director of Community Affairs
Greater Portland Council of Governments

207 712 3232
jgarvin@gpcog.org
www.gpcog.org
970 Baxter Boulevard, Suite 201, Portland, ME 04103

Disclaimer

A NEW APPROACH TO PROPERTY TAX STABILIZATION

GPCOG
GREATER PORTLAND COUNCIL OF GOVERNMENTS

The Challenge

Maine municipalities face an impossible squeeze: rising costs for essential services, limited revenue tools beyond property taxes, and taxpayer frustration with accelerating tax bills. Constitutional constraints prevent differential property taxation, and past local option tax proposals have failed due to the urban-rural divide – revenue-generating communities would benefit while others see no relief, creating political opposition that has repeatedly blocked reform.

Our Solution: A regional optional sales tax with revenue sharing

GPCOG proposes a **regional optional sales tax** that fundamentally changes the political equation through **built-in revenue sharing.** Rather than creating winners and losers, this model ensures all municipalities in a region benefit.

Tax Structure:

- Optional 1% tax on general sales
- Implemented at the county (regional) level by county wide voter referendum
- Collected either by Maine Revenue Services or by county government

Revenue Distribution Formula:

- **65% retained** by the municipality where the sale occurred
- **35% pooled** for regional distribution among all participating municipalities
- **Minimum allocation** ensures every municipality receives meaningful benefit
- **Cap on maximum allocation** prevents disproportionate concentration in any single community

Governance:

- Requires legislative authorization and possible constitutional amendment
- Local adoption through regional referendum
- Unrestricted funds allow flexibility
- Annual reporting requirements for transparency and accountability

Advantages

✓ New revenue to offset property taxes
✓ Visitors and non-residents contribute to local service costs they create
✓ Regional cooperation rather than municipal competition
✓ Flexibility for local priorities without mandated spending categories
✓ Scalable model applicable to any Maine county or region
✓ Complements rather than replaces existing relief programs (circuit breaker, homestead exemption)
✓ No increased administrative burden on municipalities

For example

Based on preliminary analysis of sales revenue data:

- Total regional revenue (1% rate): Estimated $80 million annually
- High-revenue municipality (e.g., South Portland): Generates $13.8 million, contributes $4.8 million to pool, nets $12.2 million
- Medium-revenue municipality (e.g., Gorham): Generates $1.78MM, contributes $623K to pool, nets $1.78MM – receives additional allocation from regional pool
- Low-revenue municipality (e.g., Durham): Generates $103K, contributes $67K to pool, nets $320K – receives substantially larger allocation from regional pool

Every municipality improves its fiscal position. The revenue-generating communities gain the most in absolute dollars, but smaller communities gain the most as a percentage of their budgets – exactly the kind of progressive distribution that builds political coalitions.

How is it implemented?

Legislative Requirements:

1. Statutory authorization for counties to adopt optional sales taxes
2. Possible constitutional amendment (legal opinions differ on whether current constitution permits this structure)
3. Framework for collection mechanism and revenue distribution formulas
4. Transparency and reporting requirements

Local Adoption Process:

1. County commissioners and/or local council/select board vote to place question before voters
2. Referendum in participating counties
3. Implementation timeline allowing for system setup and public education
4. Annual review and adjustment of distribution formula as needed

Timeline: Legislation in 2027 session, local adoption decisions 2027-2028, implementation 2028-2029

Next Steps

GPCOG is working with Cumberland County, member municipalities, Maine Municipal Association, and the Real Estate Property Tax Relief Task Force to:

- Refine revenue projections and distribution modeling
- Develop specific legislative language
- Build statewide coalition of urban and rural municipalities
- Address legal/constitutional questions
- Demonstrate proof of concept for other regions

To learn more, contact: **Jamie Garvin**, Director of Community Affairs, GPCOG
Email: jgarvin@gpcog.org | Phone: (207) 712-3232

This proposal represents active policy development by GPCOG's Regional Property Tax Policy Committee in partnership with member municipalities and stakeholders. Details subject to refinement based on data analysis, legal review, and stakeholder input.

GPCOG
GREATER PORTLAND
COUNCIL OF GOVERNMENTS

TO: Real Estate Property Tax Relief Task Force
FROM: Jamie Garvin, Director of Community Affairs, Greater Portland Council of Governments
DATE: June 11, 2026
RE: Regional Optional Sales Tax with Revenue Sharing — GPCOG Proposal and Research Recommendations

Introduction

Thank you for the Task Force's sustained focus on identifying and developing policies and solutions that will deliver meaningful property tax relief to Maine households and municipalities. The work you are conducting provides an essential foundation for legislative action that can address one of the most pressing fiscal challenges facing our state.
GPCOG appreciates the Task Force's interest expressed at your June 10 meeting to further examine local option sales tax models as a potential structural reform. We believe revenue diversification—moving beyond reliance on property tax as the primary revenue source for municipal services—is essential to achieving long-term property tax stabilization across Maine.

GPCOG's Regional Revenue-Sharing Proposal

As we previewed during the first phase of your work late last year, GPCOG has developed a regional optional sales tax proposal that we believe addresses the fundamental barrier that has prevented past local option tax efforts from succeeding: the urban-rural divide that creates "winners and losers," generating opposition that has repeatedly blocked reform.

A detailed overview of our proposal is attached. In brief, GPCOG proposes:

- A **regional (county-level) optional 1% sales tax** implemented by voter referendum
- **Revenue distribution with built-in sharing**: 65% retained by the municipality where the sale occurs; 35% pooled regionally with a minimum allocation guarantee and cap structure
- **Flexibility and local control**: unrestricted use of funds allows municipalities to address their specific priorities without mandated spending categories
- **Scalability**: the model is applicable to any Maine county or region, not limited to Cumberland County

Why This Model Works

The distinguishing feature of GPCOG's approach is that it ensures **all municipalities benefit**, regardless of their commercial activity level. Unlike traditional local option taxes where only high-revenue communities see fiscal benefit, our revenue-sharing formula means:

- **High-revenue municipalities** (e.g., service centers) retain the most in absolute dollars while contributing to regional pool
- **Medium-revenue municipalities** receive both direct and pooled allocation
- **Rural, low-revenue municipalities** receive meaningful allocations from the regional pool, making them stakeholders in success rather than opponents

This structure addresses the fundamental impediment that has defeated local option tax proposals in Maine: it creates a coalition where urban and rural municipalities both gain, rather than setting them in competition.

Presentation Opportunity

We welcome the opportunity for our members—municipal elected and appointed leaders— to present this proposal to the Task Force at a future meeting. We can provide:

- Detailed revenue projections based on analysis of sales data by county and municipality
- Specific distribution formulas with modeling showing impacts across different municipality types and sizes
- Discussion of collection and distribution mechanisms (Maine Revenue Services, county administration)
- Constitutional and statutory requirements
- Timeline and implementation considerations

Our presentation would give Task Force members direct access to the research and data underlying the proposal and the opportunity to ask detailed questions about viability, administration, and distributional impacts.

Recommended Research Questions for Progress and Poverty Institute

As the Task Force continues its deliberations, GPCOG respectfully proposes the following research questions for Progress and Poverty Institute to address:

1. Tourism and Sales Tax Impact
In other states where tourism and hospitality are significant economic drivers, what evidence exists regarding the impact of sales taxes—whether broad-based or narrowly targeted to

hospitality and lodging sectors—on visitation behavior, spending patterns, or overall tourism activity? Do sales tax rates in general, or industry-specific surcharges, have any demonstrated impact on tourism destination choice or spending?

Rationale: This research would provide empirical data to either validate or counter the anecdotal claim that local sales taxes deter tourists. Maine's tourism economy is significant; understanding actual impacts of moderate sales tax rates on visitor behavior would be valuable in framing policy debate.

2. Long-Term Shift in Tax Burden to Local Property Taxpayers

How have state and local tax rates changed from the 1950s to present day, with specific attention to whether the burden of funding public goods (education, infrastructure, services) has shifted over time from state-level revenue sources to local property taxation? What does this reveal about whether local property taxpayers have increasingly borne a larger share of the cost of public services over the long term?

Rationale: This historical analysis would provide context for Maine's current property tax challenges. Understanding whether there has been a structural shift in burden-bearing over decades would inform whether local option revenue sources are justified as a means to rebalance state and local fiscal responsibility.

Clarifying the Constitutional Question

We respectfully request that the Task Force seek an advisory opinion from either the Office of the Attorney General or the Maine Supreme Judicial Court regarding the constitutional requirements for any local option tax mechanism. Specifically, the Task Force should seek guidance on which structures are permissible under the Maine Constitution, and in particular whether a tax levied by the State with revenue designated by statute to municipalities satisfies the constitutional requirements in a manner that a purely locally enacted tax might not.

Rationale: Clarity on the constitutional question is essential before any local option tax proposal advances to the legislative drafting state. As GPCOG understands it—and was stated by Sen. Bickford during Task Force discussion on the matter at your June 10 meeting—a mechanism in which the State levies the tax and designates by statute the purpose for the revenue does past constitutional muster, whereas other structures may face legal challenge. An authoritative advisory opinion would confirm which mechanisms are available to the Legislature, focus Task Force deliberations on legally viable options, and strengthen the credibility of any final legislative recommendation.

Conclusion

GPCOG appreciates the Task Force's commitment to developing comprehensive, data-driven solutions to Maine's property tax challenges. We look forward to collaborating with the Task Force and to potentially contributing our research and proposal development to inform the Task Force's final recommendations.

Please contact me if you have questions about GPCOG's proposal or if you would like to schedule a presentation to the Task Force.

Contact: Jamie Garvin, Director of Community Affairs
Greater Portland Council of Governments
Phone: (207) 712-3232
Email: jgarvin@gpcog.org

Olson, Rachel

From:	William O'Shea <osheaconstrux@gmail.com>
Sent:	Friday, June 12, 2026 5:22 AM
To:	RE Propery Tax Relief Task Force
Cc:	barbara.bagsshaw@legislature.maine.gov
Subject:	Property tax relief and other critical issues negatively affecting all Maine people

ALERT This email looks suspicious and may have been automatically generated. Be careful as this is likely spam. If you disagree, mark as Safe/Phishing using the Outlook Add-In. Powered by CyberSentriq.

This message originates from outside the Maine Legislature.

Dear Members of the Maine Legislature,

I am writing to follow up on my previous correspondence regarding the urgent need for property tax relief for middle-income Mainers and broader fiscal reforms to protect taxpayers.

Local Assessment Autonomy and Housing Displacement.

Structural shifts in state-level property tax assessment guidelines have increasingly constrained municipal authority. Combined with the post-COVID-19 real estate surge, this has placed an unsustainable burden on working-class residents. In Cumberland County, valuation hikes are displacing long-term residents on fixed incomes. Data from the Maine Association of Realtors highlights a demographic shift where native Mainers are being forced north and west by rapid out-of-state gentrification.

Workforce Demographics and Youth Migration.

As a former financial aid administrator and past president of the Maine Association of Student Financial Aid Administrators (MASFAA, 2022–2023), I have seen economic pressures drive our youth away. Finance Authority of Maine (FAME) data shows that a significant number of high school graduates leave the state because the cost of living and taxation outpace local wages. Consequently, Cumberland County must increasingly source skilled labor from out of state, an unsustainable trend for one of the nation's oldest demographics.

Strategic Policy Recommendations.

I respectfully request that the legislature take immediate action on the following:

- Property Assessment Reform: Standardize assessment intervals to ensure tax increases are predictable and aligned with local wage growth rather than speculative markets.
- Educational Cost Efficiency: Pursue the strategic consolidation of school district administrative structures. Optimizing these budgets is vital to providing relief to homeowners and renters and supporting the local economy.
- Fiscal Responsibility: Implement strict oversight and amendments on state spending to ease the tax burden on working families.
- Bipartisan Workforce Retention: Create targeted tax incentives and housing policies to help young professionals and families stay in Maine. To be fair someone is being done in Westbrook and Cumberland foreside but it's not nearly enough. Incentivize builders to build efficient, deed restricted and affordable housing units directly and through tax incentives.
- Economic Development: Shift focus toward sustainable domestic growth, specifically "AI-proof" industries

such as physical craftsmanship, specialized trades, and local infrastructure.
- Regional Revitalization: Design incentives to revitalize Down East and Northern Maine. Economic growth in these regions is essential to addressing the ongoing opioid crisis.

Reevaluating Addiction and Recovery Strategies.

Having personally lost my brother to a fentanyl overdose, I feel a profound urgency regarding our state's approach to substance use disorder. I urge the legislature to pivot funding toward street-level crisis counseling, expanded residential rehabilitation, and programs that prioritize long-term sobriety alongside job placement.

Maine is at a critical crossroads. I look forward to your response regarding how the legislature intends to address these vital issues to safeguard our state's future.

Lastly, I love our state and I don't want to see the state signage at our border crossings reflecting: "The Way Life Was."

Sincerely,

William O'Shea

Former Financial Aid Administrator
Past President, Maine Association of Student Financial Aid Administrators (MASFAA, 2022–2023)
CWO2, USMC (Retired),
Lifetime taxpayer,
Windham, Maine

Olson, Rachel

From:	Kenneth A. Capron <kcapron1@maine.rr.com>
Sent:	Monday, June 15, 2026 7:27 PM
To:	Langlin, Steven
Cc:	Griswold, Jessica; Olson, Rachel; Laxon, Lindsay
Subject:	Real Estate Property Tax Relief

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This message originates from outside the Maine Legislature.

To The Chairs of the Taxation Committee and the Chairs of the Real Estate Property Tax Relief Task Force,
I have a proposal for reducing property taxes by up to 1/3rd that I would like to present to this group. It is a simple concept but complex implementation that you may or may not grasp right away, but then is there any such proposal?

I believe I could frame the concept in 15 minutes and would then be open to Q&A.
I was a CPA and Systems Analyst for most of my career. This idea is based on an analysis that we used to do as part of municipal annual audits which I used to do. It depends on members willingness to bite the bullet on just one prerequisite. But once in place, it could be a boon to sustainable and affordable housing.

There are actually multiple ways to reduce property taxes if you have the courage.

Kenneth A. Capron, ret. CPA, Systems Engineer
1375 Forest Avenue D-11
Portland, ME 04103
207-797-7891
kcapron1@maine.rr.com
maglev@maine.rr.com
[Southern Maine Research Institute]
[SkyWay by MicroRail]
[Hope Harbor]

Dear TAX Committee,

The chairs of the Taxation Committee and the chairs of the Real Estate Property Tax Relief Task Force have scheduled a joint meeting between the committee and Task Force for **Tuesday, June 30th starting 10 a.m. in AFA (SH room 228).** The chairs anticipate meeting for approximately two hours. The Task Force chairs have asked that the following materials be provided to members of the Taxation Committee in advance of the joint meeting. Additional meeting materials will follow.

- Real Estate Property Tax Relief Task Force Interim Report (January 2026)

- Progress and Poverty Institute's Final Report to the Task Force - Research and Analysis for the Maine Real Estate Property Tax Relief Task Force *(Progress and Poverty Institute & Center for Land Economics; 5 June 2026)*

    - "Key Conclusions" section pp. 132-133.

- Presentation of the final report from Stephen Hoskins, lead researcher at Progress and Poverty Institute, to the Task Force (May 2026)

    - Video (begins about 10.5 minutes into the video at about 10:38 a.m.); and
    - Slides (slide deck begins on p. 35 of the pdf)

If you have previously indicated that you are able to attend and you find that you are no longer able to do so, please let us know. An in-person attendance is required to establish a quorum.

Members of the public will have the option of attending the meeting in person at the State House or viewing a livestream of the meeting through the Legislature's website. Information regarding the meeting date, time, and location will be sent to the Taxation Committee's interested parties list and also posted on the Task Force webpage: https://legislature.maine.gov/real-estate-property-tax-relief-task-force.

Please let us know if you have any questions.

Best,

Steve Langlin | Legislative Analyst

Office of Policy and Legal Analysis

13 State House Station

Room 215, Cross Building

Augusta, ME 04333-0013

207-287-1672

https://legislature.maine.gov/opla/

Jessica Griswold, Esq. | Legislative Analyst

Office of Policy and Legal Analysis

13 State House Station

Room 215, Cross Building

Augusta, ME 04333-0013

207-287-1672

https://legislature.maine.gov/opla/

Laxon, Lindsay

From: Laxon, Lindsay
Sent: Wednesday, June 24, 2026 10:45 AM
To: Laxon, Lindsay
Subject: FW: A Comprehensive Solution to Maine's Property Tax & Income Challenges
Attachments: Maine_Without_Property_Taxes.pdf

From: donnenninger@gmail.com <donnenninger@gmail.com>
Sent: Friday, 19 June 2026 10:59:27
To: Matlack, Ann <Ann.Matlack@legislature.maine.gov>
Subject: A Comprehensive Solution to Maine's Property Tax & Income Challenges

ALERT This email looks suspicious and may have been automatically generated. Be careful as this is likely spam. If you disagree, mark as Safe/Phishing using the Outlook Add-In. Powered by CyberSentriq.

This message originates from outside the Maine Legislature.

Dear State Representative Matlack,

As a passionate visitor, investor, and admirer of the great state of Maine for over 60 years. I deeply love Maine, and am driven to be proactive about its financial future. Like the saying goes, the best time to plant a tree was 20 years ago, the next best time is now!

To help make Maine more vibrant and livable for its long-term residents, newcomers, and emerging businesses alike, presented here is a thorough, data-driven analysis providing a viable solution to the state's ongoing property tax and income challenges.
My goal is to offer a fresh, legally and fiscally grounded perspective that goes beyond a standard commentary—igniting a meaningful, constructive public discussion regarding taxation, structural fairness, and long-term fiscal responsibility.

Thank you for your time, consideration, and dedication to showcasing forward-thinking solutions for the people of Maine. Please see the attached PDF document for your consideration. This proposal offers a practical opportunity to benefit the citizens of Maine now and in the future.

Respectfully,
Don Nenninger, Esq.
112 Brook Rd.
Port Jefferson, NY 11777
631-965-4100
donnenninger@gmail.com

Maine Without Property Taxes

From Dream to Achievable Reality

A Proposal for Residential Property Tax Elimination in Maine

There is something philosophically troubling about property taxes that no one in Augusta likes to say out loud: once you have paid off your home, you do not actually own it. You rent it — from the government — for as long as you live. Stop paying, and the state will eventually take it from you, no matter how many decades of mortgage payments you made, no matter how fixed your income has become.

Maine now has the opportunity to lead the nation by ending this arrangement for residential homeowners — eliminating property taxes on 1- to 4-unit homes entirely — and replacing that revenue with a broader, more equitable consumption-based system. The math works. The policy is sound. What it requires is the political will to do something genuinely new.

THE PROBLEM WITH PROPERTY TAXES

Property taxes are unlike every other tax in the American system. Income taxes rise and fall with your earnings. Sales taxes scale with your spending. But property taxes are fixed to an asset you cannot spend — and they never stop.

The burden falls hardest on people who did everything right: they bought a home, paid it off over thirty years, and then retired on a fixed income. Their house may have tripled in value, but that value is not money in their pocket. It is equity on paper — and it does nothing to help pay a tax bill that keeps rising with every reassessment. For widows and widowers living alone in the family home, for retirees on Social Security, for long-term residents of communities that have gentrified around them, property taxes are a slow-motion foreclosure.

Maine cities and towns collected $3.165 billion in property taxes in 2023, according to the Maine Revenue Services Municipal Valuation Return — a figure that has grown 39 percent over the past decade, consistently outpacing inflation. Something has to change.

WHAT THIS PROPOSAL DOES — AND DOES NOT — DO

This proposal is targeted and deliberate. It does not eliminate all property taxes. Commercial properties, industrial facilities, and residential rental buildings of five or more units continue to pay property taxes exactly as they do today. Businesses are not getting a windfall. Large landlords are not getting a windfall. The relief goes entirely to the people who need it most: homeowners and small landlords.

The properties eligible for elimination are 1- to 4-unit homes: the house you live in, the duplex you rent to a young family, the Cape Cod that has been in your family since 1962. By way of working estimate, these represent roughly 63 percent of Maine's total property tax base, or approximately $2.0 billion of the $3.165 billion collected annually — a figure that should be confirmed against Maine Revenue Services' town-by-town valuation data before final publication, since the precise residential share has not yet been independently verified against a published statewide breakdown. That estimate is the number this proposal sets out to replace.

The remaining $1.17 billion — collected from commercial and industrial properties — stays exactly where it is. The funding structure for schools, roads, fire departments, and municipal operations does not change for businesses. Only the residential burden is lifted.

REPLACING THE REVENUE: THE ACTUAL NUMBERS

The core of any serious proposal is the revenue replacement plan. Here is one that is arithmetically sound, drawn entirely from verified Maine Revenue Services and Bureau of Economic Analysis data.

Maine's total personal consumption expenditures — the full economic value of everything residents spend — was $88.6 billion in 2024, according to the Federal Reserve Bank of St. Louis citing the Bureau of Economic Analysis. Maine's current 5.5% sales tax generated approximately $2.40 billion in 2024, which implies a current taxable base of approximately $43.6 billion. The remaining $45 billion is currently exempt.

This proposal expands the sales tax to most of that untaxed consumption, while protecting six categories from taxation:

Exempt Category	Est. Annual Spending
Unprepared groceries and food	$7.5B
Prescription drugs	$2.75B
Residential utilities (electricity, heating oil, propane, gas, water)	$5.0B
All medical services (doctor visits, hospital care, dental, vision, physical therapy)	$12.55B
Total Exempt	**$27.8B**

The exemption for medical services deserves a word on administration. In every state that exempts healthcare from sales tax, the exemption attaches to the service at point of delivery — meaning the provider does not collect tax regardless of whether payment comes from the patient, an insurer, Medicare, or Medicaid. There is no administrative complexity. The service is exempt. Full stop. Maine would adopt the same standard drafting.

With those six categories protected, the taxable base under this proposal is approximately $60.8 billion — meaning nearly everything else a Maine resident spends money on: haircuts, legal fees, accounting services, gym memberships, home repairs, recreational goods, restaurant meals, streaming services, and hundreds of other categories that are today untaxed.

At a proposed rate of 7.5% — still lower than the combined rate in Massachusetts and comparable to rates across New England — the revised sales tax yields the following:

Sales Tax Component	Yield
Currently taxable (existing base, $43.6B)	$3.27B
Newly taxable (services, non-medical, other, $17.2B)	$1.29B
Total sales tax yield ($60.8B base)	$4.56B
Current sales tax yield	$2.40B
Net new revenue from sales tax	**+$2.16B**

That single redesigned tax generates more than the entire $2.0 billion replacement target, before counting a dollar from any other source. The supporting revenue streams add meaningful additional cushion:

Additional Revenue Source	Net New Revenue
Lodging tax: 9% → 12% (~$2.15B lodging revenue × 3pts)	+$65M
Motor fuel: +$0.15/gallon (~600M taxable gallons)	+$90M
Real estate transfer tax reform (tiered rate on sales >$500K)	+$50M
High-earner income surcharge (2% on income >$1M, enacted 2026)	+$78M
Supporting sources subtotal	**+$283M**

Full Revenue Summary	Amount
Net new sales tax revenue	+$2,160M

Lodging, fuel, transfer, surcharge	+$283M
Total new annual revenue	+$2,443M
Replacement target (residential 1-4 unit property tax, est.)	$2,000M
Annual Surplus	**~$443M**

WHAT THE SURPLUS DOES

The framework generates approximately $443 million more per year than required to replace the eliminated residential property tax. That surplus is not a slush fund — it has three specific and important jobs.

First, it capitalizes a Municipal Guarantee Fund during the transition period, ensuring that no town, no school district, and no fire department receives less funding in Year 1 or Year 2 of the new system than it received under the old one. The political feasibility of any reform of this scale depends on this guarantee being ironclad, and the surplus makes it so.

Second, it funds a low-income consumption rebate. Even with food, prescriptions, utilities, and all healthcare exempt, lower-income households spend a higher share of income on newly-taxed categories. A modest refundable credit — approximately $350 per year for households below 200 percent of the federal poverty level — costs roughly $46 million annually against a $443 million surplus, and eliminates the most credible objection to the proposal.

Third, it provides a revenue cushion against economic downturns. Consumption taxes are somewhat more cyclically sensitive than property taxes. The surplus builds a reserve that buffers the Municipal Guarantee Fund through a recession without requiring emergency tax increases or service cuts.

ADDRESSING THE OBVIOUS OBJECTIONS

"You're just shifting the burden." Partially true, and deliberately so. The burden is being shifted from people who own homes to everyone who participates in the economy — including tourists, seasonal residents, and out-of-state visitors who currently contribute almost nothing to Maine's municipal funding. Roughly 14 to 15 million visitors spend over $9 billion in Maine annually. Under the current system, they pay no property tax. Under this one, they pay their share every time they spend money here.

"What about renters?" Landlords of 1- to 4-unit properties get property tax relief too, and the rental market's response to lower fixed costs tends — over time and with added housing supply — toward lower rent pressure. More importantly, renters today effectively pay property taxes through their rent. Under this system, their landlord's largest fixed cost disappears.

"A 7.5% sales tax is regressive." Without the six exemptions, yes. With them, meaningfully less so. Groceries, prescriptions, utilities, and all healthcare — the categories that consume the largest share of a low-income budget — are all exempt. The low-income rebate program addresses the residual gap. And property taxes, which this replaces, are profoundly regressive in their own right: a fixed annual bill bearing no relationship to ability to pay.

"Will municipalities really be made whole?" The Municipal Guarantee Formula distributes replacement revenue based on population, student enrollment, road mileage, and regional cost differences — the same factors that drive actual municipal expenditure. No municipality is made worse off. The guarantee fund exists precisely to cover any transition-year variance.

THE LARGER PICTURE

Maine has a serious and worsening housing affordability problem. It has a retirement security problem. It has an in-migration opportunity that other states would envy, as remote workers, retirees, and second-home buyers look for places where the cost of staying put does not keep rising regardless of their income.

Eliminating residential property taxes addresses all three at once. It reduces the annual cost of homeownership permanently. It makes retirement in Maine financially sustainable for people who built their lives here. It makes Maine categorically different from every other state in the country on one of the questions that matters most to people deciding where to live.

Yes, some taxes go up. The sales tax rate increases. Some services that were never taxed will be. But even combined, those increases do not approach the lifetime burden of a property tax that never stops growing — especially because consumption naturally declines with age and income, while property taxes reliably do not.

The numbers in this proposal are drawn from Maine Revenue Services data, Bureau of Economic Analysis personal consumption figures, and the Maine Health Data Organization's annual reporting. The math is conservative, the exemptions are broad, and the surplus is real — with the residential share of the property tax base, noted above, remaining the one figure that warrants confirmation against Maine Revenue Services' published municipal valuation breakdown before this proposal is finalized.

Maine led the nation in establishing the secret ballot, in extending voting rights to women before the federal amendment, and in building a tradition of practical, independent governance that other states admire. This is a chance to lead again — to be the first state in America to declare that when you finish paying for your home, it is finally, fully, and permanently yours.

— Submitted for Publication —

All figures sourced from Maine Revenue Services Municipal Valuation Return (2023), Bureau of Economic Analysis Personal Consumption Expenditures by State (2024), Maine Health Data Organization, Maine Development Foundation, and U.S. Census Bureau Annual Survey of State Government Tax Collections (2024). The residential share of the statewide property tax base is presented as a working estimate pending confirmation against Maine Revenue Services' published valuation breakdown.

Olson, Rachel

From:	roadways@juno.com
Sent:	Wednesday, June 24, 2026 8:41 AM
To:	Olson, Rachel
Subject:	Re: [Real.Estate.Prop.Tax] Real Estate Property Tax Relief Task Force - Third Meeting (2026)
Attachments:	ROADWays Tax Relief Task Force 2.pdf

This message originates from outside the Maine Legislature.

Hello Rachel,

Please distribute the attached testimony to the members of the Real Estate Property Tax Relief Task Force for them to review before their next meeting.

Thank you!

Roberta Manter, Maine ROADWays

---------- Original Message ----------
From: "Olson, Rachel" <Rachel.Olson@legislature.maine.gov>
To: "real.estate.prop.tax-ip@lists.legislature.maine.gov" <real.estate.prop.tax-ip@lists.legislature.maine.gov>
Subject: [Real.Estate.Prop.Tax] Real Estate Property Tax Relief Task Force - Third Meeting (2026)
Date: Mon, 15 Jun 2026 18:16:17 +0000

Good afternoon, Real Estate Property Tax Relief Task Force interested parties,

The chairs have scheduled the Task Force's third meeting this interim on **Tuesday, June 30, 2026, starting at 10:00 a.m. in the Appropriations and Financial Affairs Committee Room (State House Room 228).** The morning will consist of a joint meeting between the Joint Standing Committee on Taxation and the Real Estate Property Tax Relief Task Force.

The agenda and other materials will posted to the Task Force's webpage in the near future. Members of the public will have the option of attending the meeting in person at the State House or viewing a livestream of the meeting through the Legislature's website.

Thank you,

Rachel Olson

Legislative Analyst

Office of Policy and Legal Analysis

Maine State Legislature

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================================= About This E-Mail List ============================

To the Members of the Real Estate Property Tax Relief Task Force,

I listened in to most of your June 10 meeting, and was grateful for Senator Matlack bringing up my suggestion for tax relief for residents on abandoned and discontinued roads. The questions that followed alerted me that I should lend some clarification.

First, the distinction between an abandoned road and a discontinued road is a matter of how the road reached that status. The end result under current law, whether a road was discontinued by statute or abandoned by statute, is the same: the road becomes a public easement, which means that it remains a public road but the town is no longer required to provide any maintenance whatever. (For the purpose of this discussion I won't go into roads discontinued under pre-1965 statutes, which did not retain a public easement and therefore often left properties entirely land locked. In such cases, I would argue that a property one cannot get to is worthless and therefore should not be taxed at all.)

We have seen repeatedly where public easements result in landowners facing an untenable choice - either maintain a public road at private expense, or lose all practical access to their home or property. There is often a misconception that, "You knew what you bought when you bought it." Often that simply is not true. There has been much resistance to efforts to get towns to inventory their discontinued roads, because figuring out what the true legal status of a road is can be complicated. So if the town doesn't even know, how is the buyer of land supposed to know? Even if they are told that the road is a public easement, they are unlikely to realize the ramifications of that status until they see it played out.

Our efforts to get even minimal town assistance with maintenance has met with staunch resistance because currently the public gets to use the road for free, at the expense of the abutters. Towns understandably don't want to pay for something they can get for nothing. That's what makes me wonder if the Task Force might have some influence here.

I was surprised to learn at your meeting that if property tax exceeds 4% of income, that is considered excessive. Many residents on discontinued roads spend 10% or more of their income on road maintenance to try to keep up with damage caused by public use. This is essentially a tax *in addition to* their property tax, and is an expense not forced on residents on either town-maintained roads, or on private roads where public travel can be excluded. According to Maine ROADWays' contacts, a typical cost of maintaining a public easement is around $4,000 per mile per year, and that's just to try to keep public use from making it impassable, not to build a really decent road. Often there is only one resident and the rest of the land is undeveloped, so that one person gets saddled with the entire cost of maintenance. (In one example I know of, a couple maintains a little over half a mile of public easement, at a cost of around $2,000 per year. Their combined monthly social security payment is $1,700.)

Title 23 section 3105-A does allow a town to vote to use its equipment to do some maintenance on public easements - but only if the municipal officers "consider it advisable in the best interest of the town or village corporation for fire and police protection." (No mention of ambulance service.) Some towns interpret this as meaning that they cannot act until there is actually a house on fire. They do not consider that it should be used to keep a fire lane open in case of need. (This statute was just amended this year to clarify what can be done, but it still is not mandatory.)

There is also a misconception that if a town provides any road maintenance assistance for a public easement, then the town will have to provide maintenance for every private road as well. But this law applies specifically to public easements, not private roads which are not subjected to unrestricted public use as public easements are. There has already been an Opinion of the Justices of the Maine Supreme Court that public funds cannot be used for the private purpose of maintaining private roads. (There are some cases where private roads have been designated as "public easements" so as to allow winter plowing, but in so doing they lose their ability to remain private.)

There is also a fear that if a town does some maintenance but does not bring a road to full "safe and convenient" condition, they could be held liable for defects in the road. But that comes under 23 MRS section 3651, which applies to "Highways, town ways and streets legally established," not to public easements. Section 3105-A as amended this year clarifies that it will only authorize a minimum level of maintenance which, "Must be lower than the standard for maintenance of highways, town ways and streets under section 3651."

Representative Matlack said, "This is an interesting way to solve a problem that's been around for quite a while." She is absolutely right that this is a longstanding problem. Those of us who live on or own property on theses roads have been fighting for some sort of legislative relief for decades, with frustratingly little to show for it. Then she said, "That may be one way to solve a problem that's been sitting around for a long, long time."

She was then asked if there was a specific solution she was referring to when she said, "one way." I think what she was referring to (and she can correct me if I'm wrong) was not specifically which of the possibilities I mentioned was worth considering, but rather that some sort of tax relief might help solve the problem.

That leaves it open for discussion which method of tax relief would be most appropriate. Some options to consider include the following, and I am not suggesting that *all* of these be implemented, or even that any one of these is a finished solution. These are just some ideas to use as a starting point for brainstorming to find a better solution. A couple of these are not directly tax related, but perhaps there is a way of providing towns with tax incentives for implementing them.

- Tax the property as raw land, and do not tax for buildings erected on it. (This may be the simplest remedy, although perhaps not the fairest or most complete solution.)
- Require that the assessment of properties on public easements have an automatic deduction from their value. Assessments are supposed to reflect fair market value, but in our experience, not all assessors seek out the actual sale prices of comparable properties on public easements.
- Allow a property owner who maintains the road at their own expense to deduct some portion of the expense from their tax payment. (In many cases, their expenditure may be far more than they owe. We see this as a second tax. Unlike a private road, where the

landowner maintains the road for their own use, on a public easement the public gets to use the road without restriction, which greatly increases the maintenance cost.)

- What ever percentage of the town's tax revenue is devoted to town road maintenance, require that percentage of the tax revenue from that road be put back into that road's maintenance. (We have proposed "minimal maintenance roads," where towns would not be required to bring these roads to full town way standards, but merely to help keep them passable for residential access. Signs would be posted to alert the public that they pass at their own risk. There are several states that have such roads, and they have found them to be helpful in cutting both costs and liability.)
- What ever increase in tax revenue the town receives due to property being converted from raw land (perhaps in tree growth) to residential property, that revenue must be spent to help maintain that road. (Since residents on discontinued roads receive few or no services from the town, currently it is to the town's advantage to encourage development along these roads, knowing that they will then be able to reap more in taxes while not incurring the increase in costs that ordinarily goes with development. We call it "mining taxes." This increased revenue could be used to fund at least minimal maintenance.)
- If the town owns property accessed by means of a discontinued road, (for example a wood lot, gravel pit, parkland, boat launch, etc,) then the town must be a paying member of any road association formed for the purpose of providing road maintenance.
- Provide a tax incentive to the town if they will assist the abutters in voluntarily granting each other a shared private easement so the public easement can be extinguished. (This can be done under 23 MRS section 3026-A, but few towns have taken advantage of it because it costs the town nothing to keep the road as a public easement.)
- Require that if the abutters are willing to grant each other a shared private easement under section 3026-A but the town refuses to give up the public easement, then the town must specify the purpose for which the public easement is being retained, and must provide sufficient maintenance to support the public's use.

There may be other and better ways to address this problem through tax relief. I'm just suggesting the above to help get the ball rolling. If any of the Task Force has other ideas, I would be happy to attend a meeting to discuss it with you, although I will not be available during the month of July as I will be working. (If need be I could possibly drop in via Zoom for up to an hour.)

Thank you for considering this important issue.

Roberta Manter, Maine ROADWays

roadways@juno.com

www.maineroadways.blogspot.com

Laxon, Lindsay

From:	Mako Bates <makobates@pm.me>
Sent:	Sunday, June 28, 2026 10:34 PM
To:	RE Propery Tax Relief Task Force
Subject:	Public comment
Attachments:	REPTRTF-MakoBates-20260628.pdf

This message originates from outside the Maine Legislature.

Hello Lindsay Laxon and other OPLA staff;
Please find attached my letter to the Real Estate Property Tax Relief Task Force; I hope you receive it in time to share it with them for their June 30th meeting.
---- Mako Bates

To:	Senator Nicole Grohoski, Representative Ann Matlack, *and all members and staff of* The Real Estate Property Tax Relief Task Force
From:	Mako Bates
Subject:	Property taxes in Maine
Date:	June 28, 2026

Thank you for your ongoing work to understand and improve the property tax system(s) in Maine. I was glad to hear your discussion on June 10th of the many ideas proposed to date. I wish to weigh in on a few of these topics, as the implications of any such policies are likely to be broad, substantial, and complicated.

1. Of systems and proposals to make property taxes more progressive and less onerous to low-income people, the Property Tax Fairness Credit is the best.
2. An option to levy separate mill rates on land and buildings would be a huge step forward in Maine's tax landscape, but other forms of are inadvisable.

I'm interested in property taxes in Maine and Maine's towns. I've lived in different parts of Maine for my entire life, excepting 21 months after I graduated high school. My wife and I own a single-family home in Portland, which we'd like to upgrade into a mulit-unit building as soon as we can figure out the financials. I love Maine like a family member, which is to say that I'm aware of it's shortcomings and that I can see the stress it is (we are) under.

> **Property taxes are generally good. Some of us struggle to afford them, but our best way of supporting each other is by funding services and infrastructure with property taxes.**

There are a couple of reasons to prefer property taxes over other sources of revenue: They are inherently progressive and they include a tax on land (an inelastic common good). I acknowledge prior discussion of *how* progressive property taxes are; a uniform mill rate applies to a 1000sqft home and to a fancy hotel. That said, many people do not own a home at all. Property taxes are progressive because they are a tax on held wealth. This is just, and I do not wish to see our towns moving toward taxes on income or commerce. Any and all tax policies necessarily favor some activates over others. Income taxes and sales taxes encourage people with wealth to hold onto it (because they make it less efficient to spend one's money on goods and services), so on margin they suppress the economy in which we are all trying to live and which must ultimately pay for necessary public services.

Attempting to shield people from taxes based on demographics, stereotypes, or proxy measures is not excellent policy. For example, while homestead exemptions can be targeted toward lower-income homeowners, they cannot help people who don't own homes (and in fact are at the expense of all non-home-owners, to whom the tax burden is shifted). In addition to being unfair and regressive, I dislike a tax policy that picks favorites among different ways of living (rural or suburban single-family homes *vs* walkable mixed-use neighborhoods).

In addition to property taxes being progressive, the *benefits* of a well-funded and well-functioning government are also progressive: A wealthy family can afford private schools for their children and a custom-engineered leach fields for their effluence; public schools and public sewers make those same goods available to everyone.

The best thing about property taxes is that they include a tax on land. Towns would benefit from the option of not also taxing the buildings.

At present, everywhere in Maine today, both the value of land (its location and area) and the value of the buildings (and built landscapes and other man-made fixtures) on that land are taxed at the same rate. Buildings, including the houses we live in, are like most forms of property: the taxes levied on them make them less financially efficient to build and own, so people build less of them than they otherwise would. Shifting some of this burden from buildings to land, similar to what BETE does but for *all* buildings and other built improvements, would relieve this weight on the housing market. (Since the supply of land is static, it can support the weight without distorting the market.) The amount taxpayers in a given town would pay would not change, but they would no longer be taxed more for building new homes.

A universal (but likely partial) building exemption would be one way of implementing this shift. Another would be split-rate taxation, in which a town can adjust the ratio between separate mill rates applied to land and buildings. At a policy level these are both fine options; I offer no opinion about which might be more expedient.

The use and effects of split rate tax policies have been studied in the real world in America, see Zhou Yang's *"The Effects of the Two-Rate Property Tax: What Can We Learn from the Pennsylvania Experience?"* (Lincoln Institute of Land Policy Working Paper WP14ZY1, 2014). In 1980, Pittsburgh shifted to a 5:1 split rate property tax. In the following twenty years, while other rust-belt cities were struggling, Pittsburgh saw large increases in construction permits and new houses being built.

Discussion of these options in Maine so far has focused on whether they're consistent with the *just value* cause of our constitution, Art. IX, §8: *"All taxes upon real estate ... shall be apportioned and assessed equally according to the just value thereof."* This provides Mainers with a necessary protection from being unfairly singled out for taxation. Programs like BETE and the homestead exemption program show that it is not necessary to tax all forms of property the same way, as long as the policy is applied to all properties equally. It does not seem to me that the just value clause precludes a universal building exemption or a split-rate tax policy where the split is between fundamentally different kinds of property. Maybe it's practical to get judicial feedback on this point. More likely the matter cannot be settled until a party is found to have standing to challenge a new policy in court; it's unclear who would ever have such standing! In any case, there is no ambiguity that enabling *legislation* is necessary.

I hope that the Real Estate Property Tax Relief Task Force will specifically and closely consider this option for improving property tax systems in Maine. In particular, you can recommend enabling legislation that will provide a clear legal framework within which towns can implement split rate taxes or universal building exemptions. I urge you not to expand or create property tax exemption programs, although the Property Tax Fairness Credit is good and could be expanded.

Furthermore, although education policy is as far outside our own wheelhouse as it is yours, I like the idea mentioned at your last meeting: to move all or more of Maine's public school funding to a state-level property tax. I think consolidation of school funding would be beneficial to the education of upcoming generations of Mainers, and implementing this as a land value tax *per se* would benefit economies, communities, and neighbors throughout the state.

Thank you again for the work you are doing to help Mainers manage and afford the costs of modern society. Your work, are those costs, are worth it.

——— Mako Bates
——— makobates@pm.me

Laxon, Lindsay

From:	Nate Cloutier <Nate@HospitalityMaine.com>
Sent:	Monday, June 29, 2026 6:02 PM
To:	Olson, Rachel
Cc:	Linda Caprara; Patrick Woodcock; RE Propery Tax Relief Task Force
Subject:	Property Tax Task Force Comments
Attachments:	Property Tax Task Force Comments (June 30.).pdf

This message originates from outside the Maine Legislature.

Rachel,

Please see the attached comments on behalf of HospitalityMaine and the Maine State Chamber of Commerce to the Task Force ahead of tomorrow's meeting.

Best,
Nate

Nate Cloutier | Government Affairs Director
HospitalityMaine
Office: 207-623-2178

HOSPITALITY
MAINE
The trusted voice of the lodging, restaurant, and hospitality industry

June 30, 2026

Senator Nicole Grohoski, Chair
Representative Ann Matlack, Chair
Members of the Maine Real Estate Property Tax Task Force

Re: **Property Tax Relief and Cost Drivers**

Senator Grohoski, Representative Matlack, and Members of the Task Force:

On behalf of HospitalityMaine and the Maine State Chamber of Commerce, thank you for the work the task force is undertaking to address property tax relief. Our members include employers, property owners, taxpayers, and community partners across Maine, and we appreciate the opportunity to offer a perspective focused on long-term affordability, economic competitiveness, and the sustainability of the local property tax base.

Our central point is straightforward. New local taxes, expanded revenue authority, and tourism-facing tax increases should not be advanced as the answer to property tax pressure. Those approaches may shift costs onto residents, visitors, and employers, but they do not reduce the obligations driving the levy. The final report should begin with a clear look at the local property tax bill itself, including municipal operations, county assessments, school funding, valuation changes, and state policy choices that affect what must be raised locally.

What Is Driving the Levy

For most taxpayers, municipal, county, and school obligations arrive through one property tax bill. The Interim Report recognizes that, for most municipalities, school funding is the largest cost for which property taxes are used. It also recognizes an important point that is often misunderstood. While the state pays 55 percent of the statewide cost of essential programs and services (EPS), each individual community does not receive 55 percent of its education costs from the state. Many communities must also raise additional local amounts above the required minimum.

Education finance is not the only cost driver, but it is too large to leave outside the property tax conversation. The task force does not need to resolve every school funding question to account for the role education costs play in local property tax bills.

State Support and Local Pressure

Recent EPS materials show the scale of the issue. FY25 EPS materials identified approximately $1.18 billion in required local contribution.

Maine DOE estimates connected to LD 2226 and based on FY27 EPS data show approximately $2.567 billion in EPS total allocation and approximately $1.295 billion in EPS local share. These figures do not capture every school-related cost or every amount raised above EPS, but they show that state education policy continues to leave a substantial obligation to be raised locally.

That raises a practical question for the task force: is state support reducing local levy pressure over time, or mainly increasing the amount flowing through existing formulas? This review should consider whether state resources can better encourage regional service delivery, shared administrative capacity, consolidation where appropriate, and other approaches that reduce recurring municipal school costs.

Teacher compensation is one example of how a statewide priority can affect local tax capacity. Attracting and retaining educators in every region is a statewide priority, but that priority is financed through local budgets supported by very different tax bases. When one district adjusts compensation to remain competitive, others may need to respond, even if their local tax base is less able to absorb the cost. That ripple effect should be part of a broader cost-driver review, with the goal of improving predictability and clarifying the relationship between state education policy and local property tax obligations.

Looking Ahead

We respectfully urge the task force to consider the following as it continues its work:

- Identify the major cost drivers affecting local property tax pressure, including municipal operations, county assessments, school funding, valuation changes, and state policy choices that affect what must be raised through the local levy.

- Evaluate whether existing and future state support is structured to reduce local levy pressure and encourage long-term efficiencies, including regional service models, shared administrative capacity, consolidation where appropriate, and other approaches that reduce recurring municipal and school costs.

- Coordinate with the Education and Cultural Affairs Committee, Maine DOE, and other officials as appropriate, similar to the connection made with the Taxation Committee.

- Request a ten-year municipality-level analysis showing how much the local property tax commitment has changed by major component: municipal operations, county assessment, and school funding. On the education side, that review should separately identify local required contribution, additional local amounts raised above EPS, special education costs, enrollment trends, state share, valuation changes, and personnel-related cost drivers.

As the task force begins to consider final recommendations, we encourage a report that focuses on the obligations driving the levy rather than new ways to shift the cost. Additional local tax layers on lodging, prepared food, or related activities may negatively affect residents, visitors, and employers while making Maine less competitive, without reducing the underlying pressure on property taxpayers.

Thank you for your time and consideration.

Respectfully,

Nate Cloutier	Linda Caprara
HospitalityMaine	Maine State Chamber of Commerce