

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

## An Act To Provide Direct Property Tax Relief to Homeowners by Increasing the Homestead Exemption

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

**Sec. 1. 36 MRSA §683, sub-§1-B**, as enacted by PL 2015, c. 267, Pt. J, §1, is repealed and the following enacted in its place:

**1-B. Additional exemption.** A homestead eligible for an exemption under subsection 1 is eligible for an additional exemption of the just value of the homestead in the following amounts:

- A. For the property tax year beginning on April 1, 2016, \$5,000;
- B. For property tax years beginning on April 1, 2017, April 1, 2018 and April 1, 2019, \$10,000;
- C. For the property tax year beginning on April 1, 2020, \$20,000; and
- D. For property tax years beginning on or after April 1, 2021, \$30,000.

**Sec. 2. 36 MRSA §683, sub-§§3 and 4**, as amended by PL 2017, c. 284, Pt. G, §1, are further amended to read:

**3. Effect on state valuation.** For property tax years beginning before April 1, 2018, 50% of the just value of all the homestead exemptions under this subchapter must be included in the annual determination of state valuation under sections 208 and 305. For property tax years beginning on ~~or after~~ April 1, 2018 and April 1, 2019, 62.5% of the just value of all the homestead exemptions under this subchapter must be included in the annual determination of state valuation under sections 208 and 305. For property tax years beginning on or after April 1, 2020, 75% of the just value of all the homestead exemptions under this subchapter must be included in the annual determination of state valuation under sections 208 and 305.

**4. Property tax rate.** For property tax years beginning before April 1, 2018, 50% of the just value of all the homestead exemptions under this subchapter must be included in the total municipal valuation used to determine the municipal tax rate. For property tax years beginning on ~~or after~~ April 1, 2018 and April 1, 2019, 62.5% of the just value of all the homestead exemptions under this subchapter must be included in the total municipal valuation used to determine the municipal tax rate. For property tax years beginning on or after April 1, 2020, 75% of the just value of all the homestead exemptions under this subchapter must be included in the total municipal valuation used to determine the municipal tax rate. The municipal tax rate as finally determined may be applied to only the taxable portion of each homestead qualified for that tax year.

### SUMMARY

This bill increases the total exemption amount under the Maine resident homestead property tax exemption program from the current \$20,000 to \$30,000 for the property tax year beginning April 1, 2020 and to \$40,000 for property tax years beginning on or after April 1, 2021. This bill also increases the reimbursement rate by the State for the revenue lost by a municipality due to the exemption from 62.5% to 75%, beginning with the 2020-2021 property tax year.