



131st MAINE LEGISLATURE

LD 1743

LR 1009(02)

An Act to Eliminate the Personal Property Tax

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

Future revenue decrease - Municipalities

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
Net Cost (Savings)				
General Fund	\$0	\$0	(\$75,639,000)	(\$83,619,000)
Revenue				
General Fund	\$0	\$0	\$75,639,000	\$83,619,000

Fiscal Detail and Notes

This bill eliminates the imposition of taxes on personal property and repeals the business equipment tax exemption (BETE) and the Business Equipment Tax Reimbursement (BETR) program, effective for property tax years beginning on or after April 1, 2025.

Repealing BETE and BETR will eliminate state reimbursement to municipalities under BETE and to taxpayers under BETR. This is anticipated to result in General Fund savings of \$75,639,000 in fiscal year 2025-26 and \$83,619,000 in fiscal year 2026-27. The fiscal note assumes that, consistent with the December 29, 2005 opinion issued by the Office of the Attorney General, state reimbursement to municipalities for 50% of lost personal property tax revenue is not required by Article IV, Part 3, section 23 of the Maine Constitution. However, given this bill eliminates the entire personal property tax, there is legal uncertainty as to whether the 50% reimbursement to municipalities would be required. If 50% reimbursement to municipalities is required, there would be a significant General Fund cost to reimburse municipalities which would offset the savings associated with BETR and BETE.

Eliminating the taxation of personal property will result in significant revenue loss to municipalities beginning in fiscal year 2025-26 due to the direct impact on property tax revenue and associated impacts on state funding provided to municipalities that is based on municipal valuations, including revenue sharing and state aid for education.