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No. 837

H.P. 611

House of Representatives, February 14, 2019

**An Act To Increase the Homestead Property Tax Exemption for
Certain Persons Who Are at Least 75 Years of Age**

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative MASTRACCIO of Sanford.
Cosponsored by Senator WOODSOME of York and
Representatives: FAY of Raymond, HYMANSON of York, RYKERSON of Kittery,
SCHNECK of Bangor, SHARPE of Durham, TIPPING of Orono, Senators: CHENETTE of
York, DAVIS of Piscataquis.

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

2 **Sec. 1. 36 MRSA §683, sub-§1-C** is enacted to read:

3 **1-C. Additional senior exemption.** For property tax years beginning on or after
4 April 1, 2020, a homestead that is eligible for an exemption under subsections 1 and 1-B
5 is eligible for an additional exemption of \$30,000 of the just value of the homestead if at
6 least one of the applicants is 75 years of age or older and has claimed the homestead as a
7 permanent residence for 10 or more years. If a taxpayer claiming the additional
8 exemption under this subsection dies, the taxpayer's surviving spouse may continue to
9 claim the exemption notwithstanding the age and length of residency requirements in this
10 subsection so long as the homestead remains the surviving spouse's permanent residence.

11 **Sec. 2. 36 MRSA §683, sub-§§3 and 4**, as amended by PL 2017, c. 284, Pt. G,
12 §1, are further amended to read:

13 **3. Effect on state valuation.** For property tax years beginning before April 1, 2018,
14 50% of the just value of all the homestead exemptions under this subchapter must be
15 included in the annual determination of state valuation under sections 208 and 305. For
16 property tax years beginning on or after April 1, 2018, 62.5% of the just value of all the
17 homestead exemptions under ~~this subchapter~~ subsections 1 and 1-B must be included in
18 the annual determination of state valuation under sections 208 and 305. For property tax
19 years beginning on or after April 1, 2020, 100% of the just value of all the homestead
20 exemptions under subsection 1-C must be included in the annual determination of state
21 valuation under sections 208 and 305.

22 **4. Property tax rate.** For property tax years beginning before April 1, 2018, 50% of
23 the just value of all the homestead exemptions under this subchapter must be included in
24 the total municipal valuation used to determine the municipal tax rate. For property tax
25 years beginning on or after April 1, 2018, 62.5% of the just value of all the homestead
26 exemptions under ~~this subchapter~~ subsections 1 and 1-B must be included in the total
27 municipal valuation used to determine the municipal tax rate. For property tax years
28 beginning on or after April 1, 2020, 100% of the just value of all the homestead
29 exemptions under subsection 1-C must be included in the total municipal valuation used
30 to determine the municipal tax rate. The municipal tax rate as finally determined may be
31 applied to only the taxable portion of each homestead qualified for that tax year.

32 **Sec. 3. 36 MRSA §683, sub-§5**, as amended by PL 2015, c. 267, Pt. J, §3, is
33 further amended to read:

34 **5. Determination of exemption for cooperative housing corporation.** A
35 cooperative housing corporation may apply for an exemption under this subchapter to be
36 applied against the valuation of property of the corporation that is occupied by qualifying
37 shareholders. The application must include a list of all qualifying shareholders and must
38 be updated annually to reflect changes in the ownership, age and residency status and
39 duration of qualifying shareholders. The exemption is equal to the amounts specified in
40 subsections 1 ~~and 1-B~~ multiplied by the number of to 1-C applicable to units in the
41 cooperative property occupied by qualifying shareholders. A cooperative housing

1 corporation that receives an exemption pursuant to this section shall apportion the
2 property tax reduction resulting from the exemption among the qualifying shareholders
3 on a per unit basis. The apportionment must provide the maximum eligible exemption to
4 homesteads qualifying for the additional exemption under subsection 1-C and must
5 apportion the remainder of the exemption on a per unit basis to the remaining eligible
6 homesteads. Any supplemental assessment resulting from disqualification for exemption
7 must be applied in the same manner against the qualifying shareholders for whom the
8 disqualification applies.

9 **Sec. 4. 36 MRSA §685, sub-§2**, as amended by PL 2017, c. 284, Pt. G, §2, is
10 further amended to read:

11 **2. Entitlement to reimbursement by the State; calculation.** A municipality that
12 has approved homestead exemptions under this subchapter may recover from the State:

13 A. For property tax years beginning before April 1, 2018, 50% of the taxes lost by
14 reason of the exemptions under section 683, subsections 1 and 1-B; ~~and~~

15 B. For property tax years beginning on or after April 1, 2018, 62.5% of the taxes lost
16 by reason of the exemptions under section 683, subsections 1 and 1-B; and

17 C. For property tax years beginning on or after April 1, 2020, 100% of the taxes lost
18 by reason of the exemption under section 683, subsection 1-C.

19 The municipality must provide proof in a form satisfactory to the bureau. The bureau
20 shall reimburse the Unorganized Territory Education and Services Fund in the same
21 manner for taxes lost by reason of the exemptions.

22 SUMMARY

23 This bill provides an additional \$30,000 homestead property tax exemption, for a
24 total exemption of \$50,000, for persons who are 75 years of age or older and claimed the
25 homestead as a permanent residence for 10 or more years. The bill requires the State to
26 reimburse municipalities 100% of the revenue lost as a result of the increased exemption
27 for persons 75 years of age or older.