



# 131st MAINE LEGISLATURE

## FIRST REGULAR SESSION-2023

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Legislative Document

No. 1202

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H.P. 762

House of Representatives, March 14, 2023

### **An Act to Increase the Homestead Exemption to \$50,000**

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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 THERIAULT of Fort Kent.  
Cosponsored by Senator CHIPMAN of Cumberland and  
Representatives: ARDELL of Monticello, BOYER of Poland, CARMICHAEL of Greenbush,  
FAULKINGHAM of Winter Harbor, PERRY of Bangor, QUINT of Hodgdon, SKOLD of  
Portland, Senator: LIBBY of Cumberland.

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

2 **Sec. 1. 36 MRSA §683, sub-§1-B**, as amended by PL 2019, c. 343, Pt. H, §2, is  
3 further amended to read:

4 **1-B. Additional exemption.** A homestead eligible for an exemption under subsection  
5 1 is eligible for an additional exemption of \$5,000 of the just value of the homestead for  
6 property tax years beginning on April 1, 2016; ; \$10,000 of the just value of the homestead  
7 for property tax years beginning on April 1, 2017, April 1, 2018 and April 1, 2019 ~~and~~;  
8 \$15,000 of the just value of the homestead for property tax years beginning on ~~or after~~  
9 April 1, 2020, April 1, 2021, April 1, 2022 and April 1, 2023; and \$40,000 of the just value  
10 of the homestead for property tax years beginning on or after April 1, 2024.

11 **Sec. 2. 36 MRSA §683, sub-§3**, as amended by PL 2021, c. 398, Pt. PPPP, §1, is  
12 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 April 1, 2018 and April 1, 2019, 62.5% of the just value  
17 of all the homestead exemptions under this subchapter must be included in the annual  
18 determination of state valuation under sections 208 and 305. For property tax years  
19 beginning on April 1, 2020 and April 1, 2021, 70% of the just value of all the homestead  
20 exemptions under this subchapter must be included in the annual determination of state  
21 valuation under sections 208 and 305. For property tax years beginning on ~~or after~~ April  
22 1, 2022 and April 1, 2023, a percentage of the just value of all the homestead exemptions  
23 under this subchapter must be included in the annual determination of state valuation under  
24 sections 208 and 305. The percentage for each property tax year is the same as the  
25 percentage of state reimbursement for that property tax year under section 685, subsection  
26 2. For property tax years beginning on or after April 1, 2024, 85% of the just value of all  
27 the homestead exemptions under this subchapter must be included in the annual  
28 determination of state valuation under sections 208 and 305.

29 **Sec. 3. 36 MRSA §683, sub-§4**, as amended by PL 2021, c. 398, Pt. PPPP, §2, is  
30 further amended to read:

31 **4. Property tax rate.** For property tax years beginning before April 1, 2018, 50% of  
32 the just value of all the homestead exemptions under this subchapter must be included in  
33 the total municipal valuation used to determine the municipal tax rate. For property tax  
34 years beginning on April 1, 2018 and April 1, 2019, 62.5% of the just value of all the  
35 homestead exemptions under this subchapter must be included in the total municipal  
36 valuation used to determine the municipal tax rate. For property tax years beginning on  
37 April 1, 2020 and April 1, 2021, 70% of the just value of all the homestead exemptions  
38 under this subchapter must be included in the total municipal valuation used to determine  
39 the municipal tax rate. For property tax years beginning on ~~or after~~ April 1, 2022 and April  
40 1, 2023, a percentage of the just value of all the homestead exemptions under this  
41 subchapter must be included in the total municipal valuation used to determine the  
42 municipal tax rate. The percentage for each property tax year is the same as the percentage  
43 of state reimbursement for that property tax year under section 685, subsection 2. For  
44 property tax years beginning on or after April 1, 2024, 85% of the just value of all the  
45 homestead exemptions under this subchapter must be included in the total municipal

1 valuation used to determine the municipal tax rate. The municipal tax rate as finally  
2 determined may be applied to only the taxable portion of each homestead qualified for that  
3 tax year.

4 **Sec. 4. 36 MRSA §685, sub-§2, ¶D**, as enacted by PL 2021, c. 398, Pt. PPPP, §3,  
5 is amended to read:

6 D. For property tax years beginning on April 1, 2022, 73% of the taxes lost by reason  
7 of the exemptions under section 683, subsections 1 and 1-B; ~~and~~

8 **Sec. 5. 36 MRSA §685, sub-§2, ¶E**, as enacted by PL 2021, c. 398, Pt. PPPP, §3,  
9 is amended to read:

10 E. For property tax years beginning on ~~or after~~ April 1, 2023, the percentage of the  
11 taxes lost by reason of the exemptions under section 683, subsections 1 and 1-B that is  
12 3 percentage points over the percentage for the previous year until the percentage of  
13 reimbursement reaches 100%; and

14 **Sec. 6. 36 MRSA §685, sub-§2, ¶F** is enacted to read:

15 F. For property tax years beginning on or after April 1, 2024, 85% of the taxes lost by  
16 reason of the exemptions under section 683, subsections 1 and 1-B.

#### 17 SUMMARY

18 This bill increases the property tax exemption for homesteads from \$25,000 to \$50,000  
19 for property tax years beginning on or after April 1, 2024. This bill also adds provisions  
20 increasing the rate of state reimbursement, which has the effect of reimbursing  
21 municipalities for revenue lost as a result of the increase in the homestead property tax  
22 exemption to \$50,000.