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No. 1234

H.P. 895

House of Representatives, March 14, 2019

**An Act To Expand the Value of the Homestead Exemption to
\$25,000 and State Reimbursement to 100 Percent of Lost Property
Tax Revenue**

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 AUSTIN of Skowhegan.
Cosponsored by Senator LIBBY of Androscoggin and
Representatives: DODGE of Belfast, HARNETT of Gardiner, HEPLER of Woolwich,
LANDRY of Farmington, MADIGAN of Waterville, RISEMAN of Harrison, SKOLFIELD of
Weld, STANLEY of Medway.

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

2 **Sec. 1. 36 MRSA §683, sub-§1-B**, as enacted by PL 2015, c. 267, Pt. J, §1, is
3 amended to read:

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

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

12 **3. Effect on state valuation.** For property tax years beginning before April 1, 2018,
13 50% of the just value of all the homestead exemptions under this subchapter must be
14 included in the annual determination of state valuation under sections 208 and 305. For
15 property tax years beginning on ~~or after~~ April 1, 2018 and April 1, 2019, 62.5% of the
16 just value of all the homestead exemptions under this subchapter must be included in the
17 annual determination of state valuation under sections 208 and 305. For property tax
18 years beginning on or after April 1, 2020, 100% of the just value of all the homestead
19 exemptions under this subchapter must be included in the annual determination of state
20 valuation under sections 208 and 305.

21 **4. Property tax rate.** For property tax years beginning before April 1, 2018, 50% of
22 the just value of all the homestead exemptions under this subchapter must be included in
23 the total municipal valuation used to determine the municipal tax rate. For property tax
24 years beginning on ~~or after~~ April 1, 2018 and April 1, 2019, 62.5% of the just value of all
25 the homestead exemptions under this subchapter must be included in the total municipal
26 valuation used to determine the municipal tax rate. For property tax years beginning on
27 or after April 1, 2020, 100% of the just value of all the homestead exemptions under this
28 subchapter must be included in the total municipal valuation used to determine the
29 municipal tax rate. The municipal tax rate as finally determined may be applied to only
30 the taxable portion of each homestead qualified for that tax year.

31 **Sec. 3. 36 MRSA §683**, as amended by PL 2017, c. 478, §1, is further amended by
32 adding at the end a new paragraph to read:

33 The property tax assessed on a homestead eligible for an exemption under this section
34 may not be less than \$100.

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

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

- 1 A. For property tax years beginning before April 1, 2018, 50% of the taxes lost by
2 reason of the exemptions under section 683, subsections 1 and 1-B; ~~and~~
- 3 B. For property tax years beginning on ~~or after~~ April 1, 2018 and April 1, 2019,
4 62.5% of the taxes lost by reason of the exemptions under section 683, subsections 1
5 and 1-B; and
- 6 C. For property tax years beginning on or after April 1, 2020, 100% of the taxes lost
7 by reason of the exemptions under section 683, subsections 1 and 1-B.
- 8 The municipality must provide proof in a form satisfactory to the bureau. The bureau
9 shall reimburse the Unorganized Territory Education and Services Fund in the same
10 manner for taxes lost by reason of the exemptions.

11 **SUMMARY**

12 This bill increases for property tax years beginning April 1, 2020 the value of the
13 homestead exemption benefit under the Maine resident homestead property tax
14 exemption from \$20,000 to \$25,000 and increases the state reimbursement for the lost
15 property tax revenue from 62.5% to 100%. The bill also provides that the property tax
16 assessed on a homestead eligible for the homestead exemption may not be less than \$100.