



# 132nd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2025

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Legislative Document

No. 559

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S.P. 238

In Senate, February 25, 2025

### **An Act to Provide Property Tax Stabilization for Older Maine Residents**

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Received by the Secretary of the Senate on February 19, 2025. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT  
Secretary of the Senate

Presented by Senator BAILEY of York.

Cosponsored by Senators: CURRY of Waldo, NANGLE of Cumberland, RAFFERTY of York, RENY of Lincoln, Representatives: DOUDERA of Camden, STOVER of Boothbay.

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

2 **Sec. 1. 36 MRSA §1822** is enacted to read:

3 **§1822. Municipal local option sales tax on prepared food and lodging; funding for**  
4 **stabilization of property taxes for seniors**

5 **1. Definitions.** As used in this section, unless the context otherwise indicates, the  
6 following terms have the following meanings.

7 A. "Local option sales tax" means a sales tax imposed pursuant to subsection 2.

8 B. "Participating municipality" means a municipality that has imposed a local option  
9 sales tax pursuant to this section.

10 **2. Authorization to impose local option sales tax.** A municipality by referendum  
11 conducted pursuant to subsection 8 may impose a local option sales tax of 1% on the value  
12 of prepared food and rental of living quarters in any hotel, rooming house or tourist or  
13 trailer camp.

14 **3. Local option sales tax limited to prepared food and lodging.** A municipality  
15 may not impose a local option sales tax on the value of prepared food or rental of living  
16 quarters of any hotel, rooming house or tourist or trailer camp not subject to tax pursuant  
17 to section 1811.

18 **4. Notify State Tax Assessor.** A participating municipality shall notify the assessor  
19 at least 90 days before the local option sales tax is effective.

20 **5. Payment of revenue.** A retailer in a participating municipality shall pay the revenue  
21 from a local option sales tax at the time and in the manner provided in section 1951-A for  
22 the payment of state sales tax revenue. The tax is subject to the same enforcement  
23 provisions, interest, penalties and administrative actions as other taxes assessed under this  
24 Part.

25 **6. Distribution of revenue.** Quarterly, the assessor shall identify the amount of  
26 revenue attributable to each participating municipality under this section, subtract the costs  
27 of administering this section and certify the net amount for that municipality to the  
28 Treasurer of State for distribution pursuant to this subsection. From the net amount  
29 certified for a municipality under this subsection, the Treasurer of State shall make monthly  
30 payments to the participating municipality, which may only use the revenue to offset the  
31 loss of revenue from property taxes as a result of a program adopted pursuant to section  
32 6236.

33 For purposes of this subsection, "costs of administering this section" means the lesser of  
34 the actual cost to the assessor of administering this section and 2% of the total revenue  
35 generated by a local option sales tax.

36 **7. Effect on revenue sharing and other state aid programs.** Revenue received  
37 pursuant to subsection 5 may not be considered to be receipts from the taxes imposed under  
38 this Part for the purpose of transfers to the Local Government Fund under Title 30-A,  
39 section 5681. Revenue received pursuant to subsection 5 may not be used to reduce or  
40 eliminate any funding otherwise due a municipality under any provision of law providing  
41 aid to the municipality, including, but not limited to, aid for schools, roads, public  
42 assistance or jails.

1           **8. Referendum.** The question of whether to impose a local option sales tax must be  
2 submitted to the legal voters of a municipality that seeks to impose the local option sales  
3 tax. The referendum question must indicate the rate of the local option sales tax.

4 The petition process and voting must be held and conducted in accordance with Title 30-A,  
5 sections 2528, 2529 and 2532 even if the municipality has not accepted the provisions of  
6 Title 30-A, section 2528. The voting at elections must be held and conducted in accordance  
7 with Title 21-A.

8           **Sec. 2. 36 MRSA §6236** is enacted to read:

9           **§6236. Municipal authority; stabilization of property taxes for seniors**

10           The legislative body of a municipality may by ordinance adopt a program to stabilize  
11 the property taxes of seniors who have homesteads in the municipality. The program  
12 adopted by the municipality must meet, at a minimum, the requirements established in this  
13 section. A municipality may impose eligibility requirements stricter than those established  
14 in this section.

15           **1. Definitions.** As used in this section, unless the context otherwise indicates, the  
16 following terms have the following meanings.

17           A. "Eligible homestead" means a homestead occupied by an eligible individual who is  
18 eligible for a homestead exemption under chapter 105, subchapter 4-B for the property  
19 tax year for which the individual is requesting stabilization.

20           B. "Eligible individual" means an individual who, on April 1st of the property tax year  
21 for which the individual is requesting stabilization:

22                   (1) Meets a minimum age requirement established by the municipality, as long as  
23 that minimum is not less than 62 years of age; and

24                   (2) Is a permanent resident of the State as defined in section 681, subsection 4 and  
25 has owned a homestead in the State for at least 10 years.

26           C. "Homestead" has the same meaning as under section 681, subsection 2.

27           D. "Stabilize" means to maintain the property tax billed to an eligible individual for  
28 the individual's eligible homestead at the amount billed for that homestead for the  
29 property tax year preceding the property tax year for which the individual is requesting  
30 stabilization.

31           **2. Application for stabilization.** A municipality adopting a program pursuant to this  
32 section shall require an eligible individual to apply by December 1st to the municipality in  
33 which the individual's homestead is located requesting that the municipality stabilize the  
34 property tax assessed on that individual's homestead for the property tax year beginning on  
35 April 1st following the submission of the application. A new application is required for  
36 each year for which stabilization is requested. A municipality may require an eligible  
37 individual to apply for relief under other applicable property tax assistance exemptions and  
38 programs, including, but not limited to, the Maine resident homestead property tax  
39 exemption under chapter 105, subchapter 4-B and the Maine Residents Property Tax  
40 Program, in order to decrease the amount of property taxes to be stabilized.

41           **3. Stabilization for eligible individual.** If a municipality determines that an applicant  
42 for stabilization under subsection 2 is an eligible individual and that the individual's

1 homestead is an eligible homestead, the municipality shall stabilize the property tax on the  
2 individual's homestead for the property tax year for which stabilization was requested.

3 **4. Offset of revenue loss.** A municipality that has imposed a local option sales tax  
4 pursuant to section 1822 may only use the revenue received pursuant to section 1822,  
5 subsection 6 to offset the loss of revenue from property taxes as a result of the program  
6 adopted pursuant to this section and for no other purpose.

7 **5. Repeal of program.** A municipality that has adopted a program under this section  
8 may repeal it through the same procedure by which the program was adopted.

9 **SUMMARY**

10 This bill allows a municipality to adopt by ordinance a property tax stabilization  
11 program for senior residents of that municipality. A municipality adopting such an  
12 ordinance sets a minimum age for participation by residents of the municipality of not less  
13 than 62 years of age. The person must also be a permanent resident of the State and have  
14 owned a homestead in the State for at least 10 years. A municipality may adopt stricter  
15 eligibility requirements.

16 The bill also allows a municipality, by referendum, to adopt a local option sales tax of  
17 1% on the value of prepared food and rental of living quarters in any hotel, rooming house  
18 or tourist or trailer camp. The revenue generated by the local option sales tax may only be  
19 used to offset the loss of revenue from the property tax stabilization program for senior  
20 residents of that municipality.