



# 130th MAINE LEGISLATURE

## FIRST SPECIAL SESSION-2021

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Legislative Document

No. 1482

H.P. 1097

House of Representatives, April 14, 2021

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### **An Act To Improve Access to Property Tax Exemptions for New Homeowners**

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Received by the Clerk of the House on April 12, 2021. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in black ink, reading "Rlt B. Hunt".

ROBERT B. HUNT  
Clerk

Presented by Representative GROHOSKI of Ellsworth.

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

2 **Sec. 1. 36 MRSA §681, sub-§5, ¶B**, as enacted by PL 2005, c. 647, §3 and affected  
3 by §5, is amended to read:

4 B. ~~Shareholder~~ Prior to property tax years beginning on or after April 1, 2022,  
5 shareholder for the preceding 12 months in the cooperative housing corporation  
6 specified in paragraph A; and

7 **Sec. 2. 36 MRSA §683, sub-§1**, as amended by PL 2017, c. 478, §1, is further  
8 amended to read:

9 **1. Exemption amount.** ~~Except~~ Prior to property tax years beginning on or after April  
10 1, 2022, except for assessments for special benefits, the just value of \$10,000 of the  
11 homestead of a permanent resident of this State who has owned a homestead in this State  
12 for the preceding 12 months is exempt from taxation. Beginning with property tax years  
13 beginning on or after April 1, 2022, except for assessments for special benefits, the just  
14 value of \$10,000 of the homestead of a permanent resident of this State is exempt from  
15 taxation. Notwithstanding this subsection, a permanent resident of this State who loses  
16 ownership of a homestead in this State due to a tax lien foreclosure and subsequently  
17 regains ownership of the homestead from the municipality that foreclosed on the tax lien is  
18 deemed to have continuously owned the homestead and may not be determined ineligible  
19 for the exemption provided in this section due to the ownership of the homestead by the  
20 municipality. In determining the local assessed value of the exemption, the assessor shall  
21 multiply the amount of the exemption by the ratio of current just value upon which the  
22 assessment is based as furnished in the assessor's annual return pursuant to section 383. If  
23 the title to the homestead is held by the applicant jointly or in common with others, the  
24 exemption may not exceed \$10,000 of the just value of the homestead, but may be  
25 apportioned among the owners who reside on the property to the extent of their respective  
26 interests. A municipality responsible for administering the homestead exemption has no  
27 obligation to create separate accounts for each partial interest in a homestead owned jointly  
28 or in common.

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

31 **3. Effect on state valuation.** For property tax years beginning before April 1, 2018,  
32 50% of the just value of all the homestead exemptions under this subchapter must be  
33 included in the annual determination of state valuation under sections 208 and 305. For  
34 property tax years beginning on April 1, 2018 and April 1, 2019, 62.5% of the just value  
35 of all the homestead exemptions under this subchapter must be included in the annual  
36 determination of state valuation under sections 208 and 305. For property tax years  
37 beginning on or after April 1, 2020, 70% of the just value of all the homestead exemptions  
38 under this subchapter must be included in the annual determination of state valuation under  
39 sections 208 and 305, except as provided in subsection 3-A.

40 **Sec. 4. 36 MRSA §683, sub-§3-A** is enacted to read:

41 **3-A. Effect on state valuation for reimbursement made first year of eligibility.**  
42 For property tax years beginning on or after April 1, 2022, 100% of the just value of all the  
43 homestead exemptions under this subchapter provided for the first year a homestead is  
44 eligible under this subchapter must be included in the annual determination of state

1 valuation under sections 208 and 305; after the first year, the percentage of reimbursement  
2 is that specified in subsection 3.

3 **Sec. 5. 36 MRSA §683, sub-§4**, as amended by PL 2019, c. 343, Pt. H, §3, is further  
4 amended to read:

5 **4. Property tax rate.** For property tax years beginning before April 1, 2018, 50% of  
6 the just value of all the homestead exemptions under this subchapter must be included in  
7 the total municipal valuation used to determine the municipal tax rate. For property tax  
8 years beginning on April 1, 2018 and April 1, 2019, 62.5% of the just value of all the  
9 homestead exemptions under this subchapter must be included in the total municipal  
10 valuation used to determine the municipal tax rate. ~~For~~ Except as provided in subsection  
11 4-A, for property tax years beginning on or after April 1, 2020, 70% of the just value of all  
12 the homestead exemptions under this subchapter must be included in the total municipal  
13 valuation used to determine the municipal tax rate. The municipal tax rate as finally  
14 determined may be applied to only the taxable portion of each homestead qualified for that  
15 tax year.

16 **Sec. 6. 36 MRSA §683, sub-§4-A** is enacted to read:

17 **4-A. Property tax rate including reimbursement made first year of eligibility.** For  
18 property tax years beginning on or after April 1, 2022, 100% of the just value of all the  
19 homestead exemptions under this subchapter provided for the first year a homestead is  
20 eligible under this subchapter must be included in the total municipal valuation used to  
21 determine the municipal tax rate; after the first year, the percentage of just value is that  
22 specified in subsection 4.

23 **Sec. 7. 36 MRSA §685, sub-§2**, as amended by PL 2019, c. 343, Pt. H, §4, is further  
24 amended to read:

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

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

29 B. For property tax years beginning on April 1, 2018 and April 1, 2019, 62.5% of the  
30 taxes lost by reason of the exemptions under section 683, subsections 1 and 1-B; ~~and~~

31 C. ~~For~~ Except as provided in paragraph D, for property tax years beginning on or after  
32 April 1, 2020, 70% of the taxes lost by reason of the exemptions under section 683,  
33 subsections 1 and 1-B; and

34 D. Notwithstanding paragraph C, for property tax years beginning on or after April 1,  
35 2022, 100% of the taxes lost by reason of the exemptions provided to permanent  
36 residents of this State who claim and receive the exemption for the first year for which  
37 their homesteads are eligible.

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

**SUMMARY**

This bill removes the requirement that a person own a homestead in this State for 12 months before being eligible for the homestead property tax exemption. This bill also requires the State to provide reimbursement of 100% of the revenue lost by a municipality due to removing that 12-month requirement, but only for the first year of eligibility. If a resident is eligible for the homestead exemption but does not take it until after the first year of eligibility, that exemption is eligible only for 70% reimbursement by the State. After the first year of eligibility, the state reimbursement rate drops to the current rate of 70%.