

March 14, 2023

## Support of LD 130

Dear Members of the Joint Committee on Taxation:

I am writing in support of LD 130. The increase in the property tax exemption benefits all seniors, while benefiting most those who need the help the most (because those with lower value homes have a greater portion of their value exempted). It is also easy to administer as it does not require annual applications, income determination, etc.

I am also in support of this law because it would replace last year's senior tax stabilization law which is administratively burdensome and has many unintended consequences. I fear the senior tax stabilization law will result in many who are under 65 years old absorbing an ever increasing share of the tax burden and make living in Maine more unaffordable for our younger population. As it attracts and retains older residents, it will drive out the younger workers and families who are needed in the labor force to support the elderly.

I am the assistant town manager in Topsham, but I am writing this letter in my individual capacity and do not purport to speak for anyone but myself. Our town assessor calculated how new law property tax stabilization law would have affected Topsham if it had been applied to the 2022-23 tax year. The data is as follows:

*901 Parcels applied. 20 of them applied more than once.*

*18.75% of all real estate accounts applied.*

*Average assessed value of enrolled home \$303,750*

*Total taxable value of parcels applied, \$273,680,000*

*Using April 21 to April 22 tax changes for stabilized parcels as a what if, the state would have owed Topsham reimbursement of \$125,111*

*Estimated expended staff time, Clerk, Assessing, Admin 286.5 hours, or 36 cumulative days @48 = \$13,728*

*Staff time to issue future lien notices for accrued interest – TBD*

*Postage for information insert with tax bill - \$675 per 7-20-2022 emails*

The increased homestead exemption would be more predictable for the State and sustainable. As noted above, if the senior stabilization program had been in effect the current fiscal year, the amount State would have had to reimburse Topsham alone is \$125,111. This amount will grow exponentially in future years. The senior stabilization program will soon cost

the State hundreds of millions of dollars. It isn't hard to imagine that one of two things will have to happen in the future when the program cost increases and revenues tighten:

- 1) The State will cut the reimbursement to municipalities or other revenue sharing which puts the municipalities in a financial bind and will cause greater property tax increases on those not enrolled in the program; or
- 2) The State will have to raise other taxes such as the income tax in order to sustain this program. It will discourage our younger population from working – or at least working in Maine. As the oldest state in the country, we don't want to disincentivize young people from working in Maine.

I am the parent of two young adults who hope to stay in Maine – and are part of the labor force we need to stay in Maine. I think it is important to try replace the senior stabilization bill with the increased homestead exemption so that the benefit to the elderly is fair, sustainable and provided in such a manner that it does not add a significant burden to our younger population and force them to leave Maine.

Sincerely,

Mark M. Waltz  
Topsham

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LD 130

Please see attached written testimony.