

## Testimony of the Maine Municipal Association

### In Opposition to LD 1335, *An Act to Amend the Property Tax Stabilization for Senior Citizens Law*

April 12, 2023

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Senator Grohoski, Representative Perry, and members of the Taxation Committee. My name is Kate Dufour, and I am offering testimony in opposition to LD 1335 on behalf of the 70 municipal leaders who were elected by their peers to serve on the Association's Legislative Policy Committee and directed to establish MMA's position on bills of municipal interest.

Municipal officials oppose the proposal found in section 1 of the bill, which appears to extend eligibility under the Property Tax Stabilization program to property held in both revocable (current law) and irrevocable (proposed) trusts because it lowers the eligibility bar for a policy intentionally designed to target property tax relief to qualifying Maine homeowners. It is one of the very few eligibility criteria found in this law. In a revocable trust, the homeowner is the trustee, and not the beneficiary. This differs significantly with an irrevocable trust, where the trustee is the beneficiary who may or may not reside in the home, community, or state.

Furthermore, as estimated by Maine Revenue Services, the cost of reimbursing municipalities for 100% of the lost property tax revenues will more than double over the course of two years, increasing from \$15 million in FY 2024 to \$31 million in FY 2025. If the program becomes too costly, municipal officials fear that the Legislature will revert to the minimum established in Maine's Constitution (Article IV, Part Third, Section 23), providing reimbursement for only 50% of the lost property tax revenue, which will be devastating to the property taxpayers that are unable to stabilize their taxes.

The expense of the current program is too large of a financial burden as it is. Further increasing the program's price tag is of great concern.

While municipal officials, in theory, support the language in section 2 of the bill, which clarifies that individuals who are married are only able to stabilize taxes on one property, it is unknown how assessors will obtain the data necessary to determine eligibility. The concern among municipal officials is this requirement will make administering the program far more burdensome.

While the proposal requiring applicants to disclose information regarding additional improvements made to the homestead since the filing of their previous application is interesting, municipal officials question the purpose of the requirement and whether the self-reported data would be of the quality necessary to assist communities.

Thank you for considering the municipal perspective on this issue. If you have any questions about our position, please contact me at [kdufour@memun.org](mailto:kdufour@memun.org) or 592-4038.