

**TESTIMONY OF  
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY  
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation  
Hearing Date: *March 5, 2025*

LD 264 – “*An Act to Remove the 12-month Waiting Period for the Maine Resident  
Homestead Property Tax Exemption*”

-----

Senator Grohoski, Representative Cloutier, and members of the Taxation Committee – good morning, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Neither For Nor Against LD 264, “*An Act to Remove the 12-month Waiting Period for the Maine Resident Homestead Property Tax Exemption.*”

As indicated by the bill title, the bill removes the 12-month ownership period requirement for the homestead of a permanent resident of the State. While this change would provide quicker property tax relief to first-time homeowners and new residents in the State, it may be more complicated in practice for applicants to prove, and assessors to determine, permanent resident status and thus eligibility. Some of the items listed in the statute at 36 M.R.S. § 682 for an assessor to consider in determining eligibility, such as residence claimed on income tax returns, driver’s license address, voter registration, etc., may not be updated immediately, creating confusion and conflicting information for an assessor trying to determine an applicant’s eligibility for the Homestead Exemption.

From a fiscal perspective, the State reimburses municipalities for 76% of the tax lost as a result of the homestead exemption under 36 M.R.S. § 685. While the bill does not increase the number of exemptions or amount of aggregate

reimbursement, because it makes certain taxpayers eligible for the exemption sooner, there will be a resulting shift whereby some portion of the municipal reimbursement will be paid out in an earlier fiscal year than it would be under existing law.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee's questions.